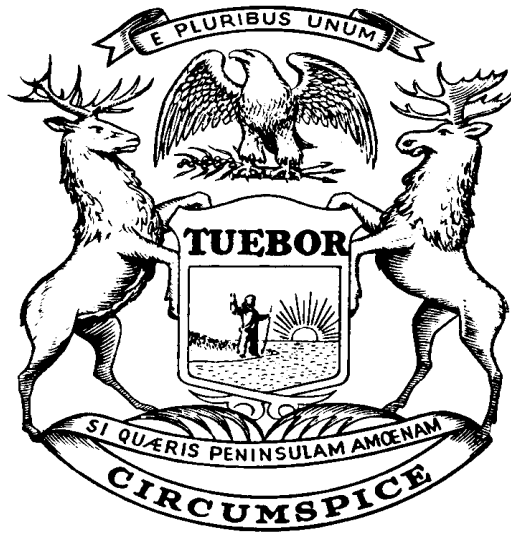


STATE OF MICHIGAN
FISCAL YEAR 2000-01

Appropriations Summary and Analysis



prepared by the

HOUSE
FISCAL
AGENCY
Mitchell E. Bean, Director

August 2000

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August 2000

TO: Members of the Michigan House of Representatives

This ***FY 2000-01 Appropriations: Summary and Analysis***, which summarizes the enacted FY 2000-01 appropriations bills, was prepared by the staff of the House Fiscal Agency (HFA). Fiscal Analysts prepared the budget summaries and analyses for each department/agency with assistance from their Budget Assistants. The section on Consensus Revenues was prepared by HFA's economists.

The *Glossary* in this publication explains several terms used throughout the report to describe the size of the budget for the State of Michigan. When analyzing the size of the budget, it is important to note the following:

Adjusted Gross is the amount to use when measuring the effect of state spending on the state's economy.

General Fund/General Purpose (GF/GP) is the amount to use when measuring state resources available for legislative allocation to various state programs.

State Spending from State Sources is the amount to use when measuring the amount of state resources collected from taxpayers to finance state spending.

Production of this report was coordinated by Jeanne Dee, Administrative Assistant. House Fiscal Agency staff and their areas of responsibility are listed on the inside back cover of this publication. Please feel free to contact them, or me, if you have questions or need further information.

Mitchell E. Bean, Director

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GLOSSARY

Frequently-Used State Budget Terms

Adjusted Gross

Total net amount of all line item appropriations; gross appropriations less (or minus) interdepartmental grants (IDGs) and intradepartmental transfers (IDTs)

Boilerplate

Specific language sections contained in an appropriations act which direct, limit or restrict line item expenditures, and/or require reports

Budget Stabilization Fund (BSF)

The countercyclical economic and budget stabilization fund -- also known as the "rainy day" fund

Federal Revenues

Federal grant or matchable revenues dedicated to specific programs

General Fund/General Purpose (GF/GP)

The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues

Gross Appropriations, Gross

Summation of all applicable line item spending authorizations

Interdepartmental Grant (IDG)

Revenue or funds received from another state department (usually for a service the receiving department provides)

Intradepartmental Transfer (IDT)

Transfers or funds being provided from one appropriation unit to another in the same department

Lapses

Unspent/unobligated funds remaining in line item accounts at the end of the fiscal year

Line Items

Notations in an appropriations bill which establish spending authorities for a particular program or function (may be for a single purpose or for multiple purposes)

Local Revenue

Revenues from local units of government

Other State Restricted, or Restricted Funds

State revenue dedicated to a specific fund; revenue which results from state mandates or initiatives

Private Funds

Revenues from non-public entities such as rents, royalties or interest payments, payments from hospitals, payments from individuals, and gifts and bequests

School Aid Fund (SAF)

The primary funding source for K-12 schools and Intermediate School Districts (ISDs)

State Restricted, or Restricted Revenue

Non-general fund monies used for specific programs pursuant to the Constitution or statute; revenues dedicated to a specific fund; also known as deducts

Work Project

An account established to allow for certain specific unspent funds to be carried over from one fiscal year to the next

**FY 2000-01
Budget**

OVERVIEW

OVERVIEW:
STATE OF MICHIGAN
FISCAL YEAR 2000-01 BUDGET

This *Overview* summarizes enacted FY 2000-01 appropriations and FY 1999-2000 supplemental appropriations enacted in 2000. Detailed information for specific department/agency budgets is found in *Budget Detail* sections of this report. The final section of the report reviews the FY 1999-2000 and 2000-01 revenue estimates adopted at the May 19, 2000 Consensus Revenue Estimating Conference.

The May Consensus Revenue Estimating Conference anticipated continued revenue growth through FY 2000-01. Compared to the January 2000 estimates, the May consensus estimates provide an additional \$110.7 million General Fund/General Purpose (GF/GP) for FY 1999-2000 and an additional \$147.8 million (GF/GP) for FY 2000-01. Tax cuts adopted by the Legislature through June of this year will reduce GF/GP revenues by \$167.5 million in FY 1999-2000, and by \$94.9 million in FY 2000-01.

Contributing to the state's positive revenue outlook is an anticipated \$277.2 million in tobacco settlement revenues to be paid to Michigan in 2001. The Legislature dedicated part of this amount to Michigan Merit Scholarships for qualifying high school graduates, to the Tuition Incentive Program, and to various health initiatives and programs for the aging.

The Legislature adopted state tax code changes which include:

- ' Accelerating the income tax rate cut
- ' Increasing income tax exemptions for children under 18 and persons with disabilities
- ' Expanding credits for the redevelopment of Brownfields

The Legislature adopted supplemental appropriations bills for FY 1999-2000 which provide \$596.9 million additional funding (\$377.5 million GF/GP). The most significant increases in FY 1999-2000 funding include:

- ' Capital Outlay - \$151.9 million gross (\$121.3 million GF/GP).
- ' Family Independence Agency (FIA) - \$160.7 million gross (\$80.6 million GF/GP).
- ' Michigan Strategic Fund - \$50.0 million gross (\$50.0 million GF/GP)
- ' Management and Budget - \$37.2 million gross (\$35.2 million GF/GP)
- ' Natural Resources - \$46.6 million gross (\$26.2 million GF/GP)

For several budgets, the FY 1999-2000 supplemental appropriations substantially increase current-year figures; this makes meaningful comparison between fiscal years more of a challenge.

Please note that in this report, amounts used for the Higher Education budget are those appearing in the Higher Education Conference Committee report which awaits Senate and House approval.

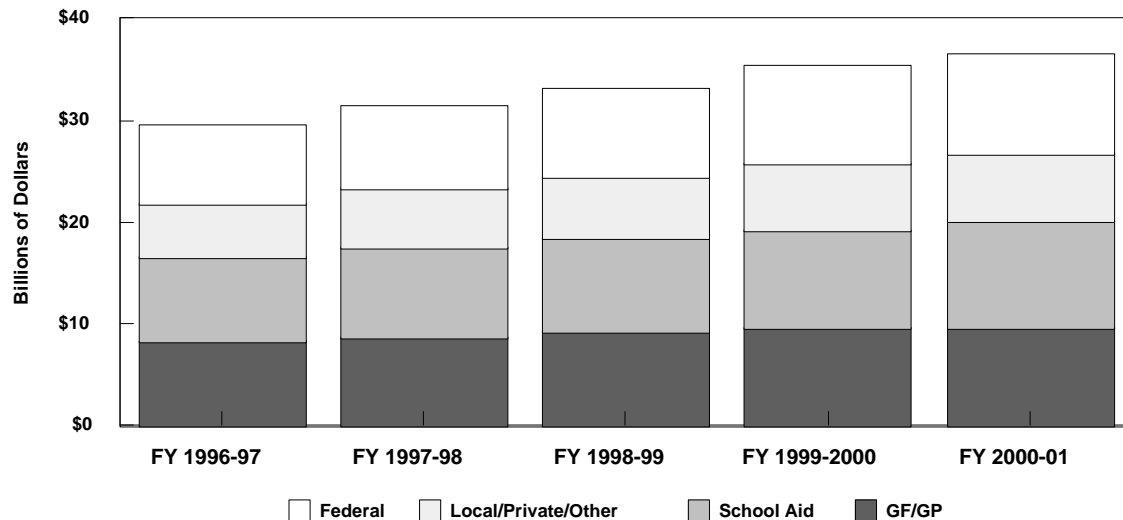
Tables 1 through 5, at the end of this *Overview* section, summarize enacted FY 2000-01 appropriations by department and major budget area.

Overview

Figure 1 shows year-to-date Adjusted Gross appropriations from FY 1996-97 to FY 2000-01. Fiscal Year 2000-01 Adjusted Gross appropriations are allocated from the following sources: school aid fund (28.5%), federal (26.8%), GF/GP (26.6%), and local/private/other restricted (18.1%).

Figure 1

Adjusted Gross Year-to-Date Appropriations History



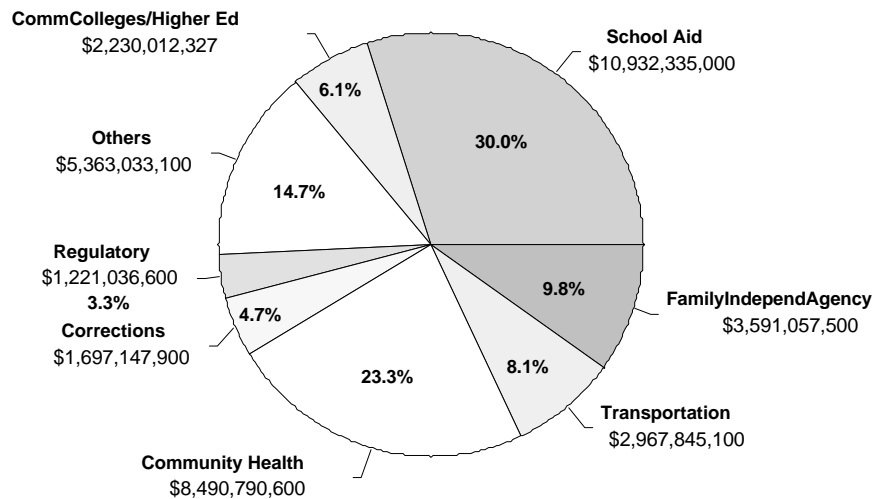
	Billions of Dollars				
	<u>FY 1996-97</u>	<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-2000</u>	<u>FY 2000-01</u>
GF/GP	\$8.4	\$8.7	\$9.3	\$9.6	\$9.7
School Aid	\$8.3	\$8.9	\$9.1	\$9.7	\$10.4
Local/Private /Other	\$5.3	\$5.9	\$6.0	\$6.5	\$6.6
Federal	<u>\$7.6</u>	<u>\$7.9</u>	<u>\$8.6</u>	<u>\$9.7</u>	<u>\$9.8</u>
Adjusted Gross	\$29.6	\$31.4	\$33.1	\$35.5	\$36.5

NOTE: Higher Education Conference Committee report awaits Senate and House approval; amounts used for calculation are those appearing in the conference report.

Figure 2 shows the distribution of FY 2000-01 Adjusted Gross and GF/GP appropriations. For Adjusted Gross appropriations, School Aid (30.0%) and Community Health (23.3%) receive the largest shares. Of GF/GP appropriations, Community Health (27.6%) and Community Colleges/Higher Education (21.6%) receive the largest portions.

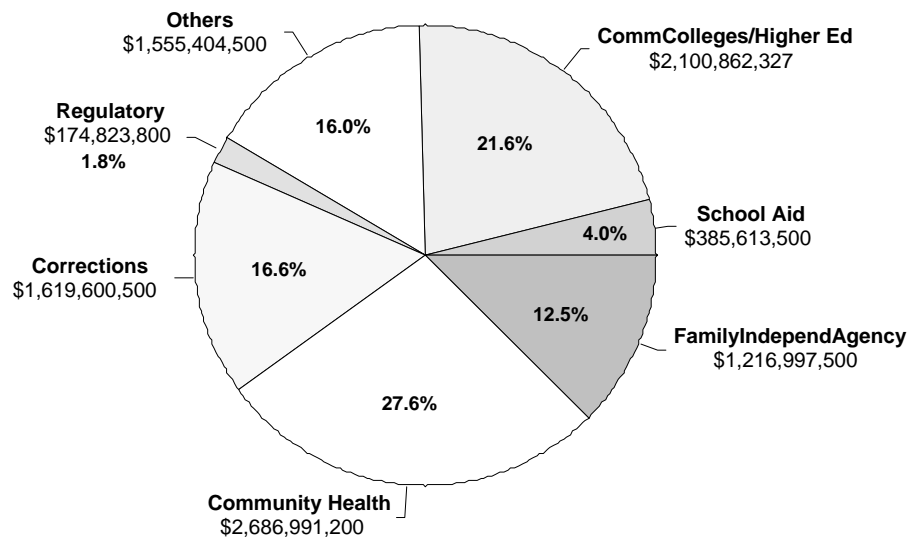
Figure 2

Adjusted Gross Appropriations: FY 2000-01



Total Adjusted Gross Appropriations = \$36,493,258,127

GF/GP Appropriations: FY 2000-01



Total GF/GP Appropriations = \$9,740,293,327

NOTE:

Higher Education Conference Committee report awaits Senate and House approval; amounts used for calculation are those appearing in the conference report.

Figures 3 and 4 illustrate the percentage change from FY 1999-2000 to FY 2000-01 for the budget bills

Overview

enacted. Figure 3 shows increases and decreases for Adjusted Gross appropriations; Figure 4 shows increases and decreases for GF/GP appropriations.

To summarize the major changes, Adjusted Gross appropriations increased for:

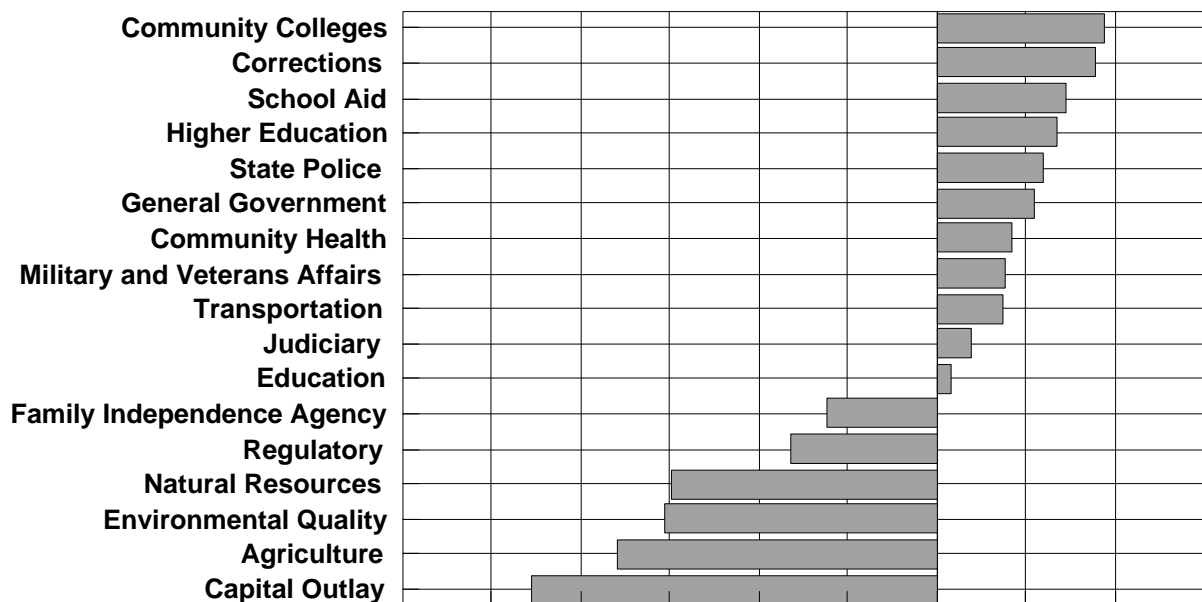
Community Colleges	9.3%	Community Health	4.1%
Corrections	8.9%	Military and Veterans Affairs	3.8%
School Aid	7.2%	Transportation	3.7%
Higher Education	6.7%	Judiciary	1.9%
State Police	5.9%	Education	0.8%
General Government	5.4%		

Major dollar increases in Adjusted Gross appropriations include:

\$731.5 million for School Aid;
 \$337.6 million for Department of Community Health, including \$86.0 million in health initiatives from tobacco settlement monies;
 \$139.1 million for Corrections;
 \$129.3 million for General Government
 \$119.0 million for Higher Education, including \$115.3 restricted tobacco settlement monies allocated to the Michigan Merit Award and the Tuition Incentive Plan; and
 \$106.6 million for Transportation spending.

Figure 3

ADJUSTED GROSS APPROPRIATIONS FY 2000-01 Percent of Change from FY 1999-2000



NOTE: Higher Education Conference Committee report awaits Senate and House approval; amounts used for calculation are those appearing in the conference report.

To summarize the major changes, GF/GP appropriations increased for:

Corrections	9.2%	Environmental Quality	3.7%
State Police	7.8%	Military and Veterans Affairs	3.1%
Higher Education	6.3%	Judiciary	2.7%
Community Colleges	6.0%	Community Health	1.8%
Family Independence Agency	4.1%		

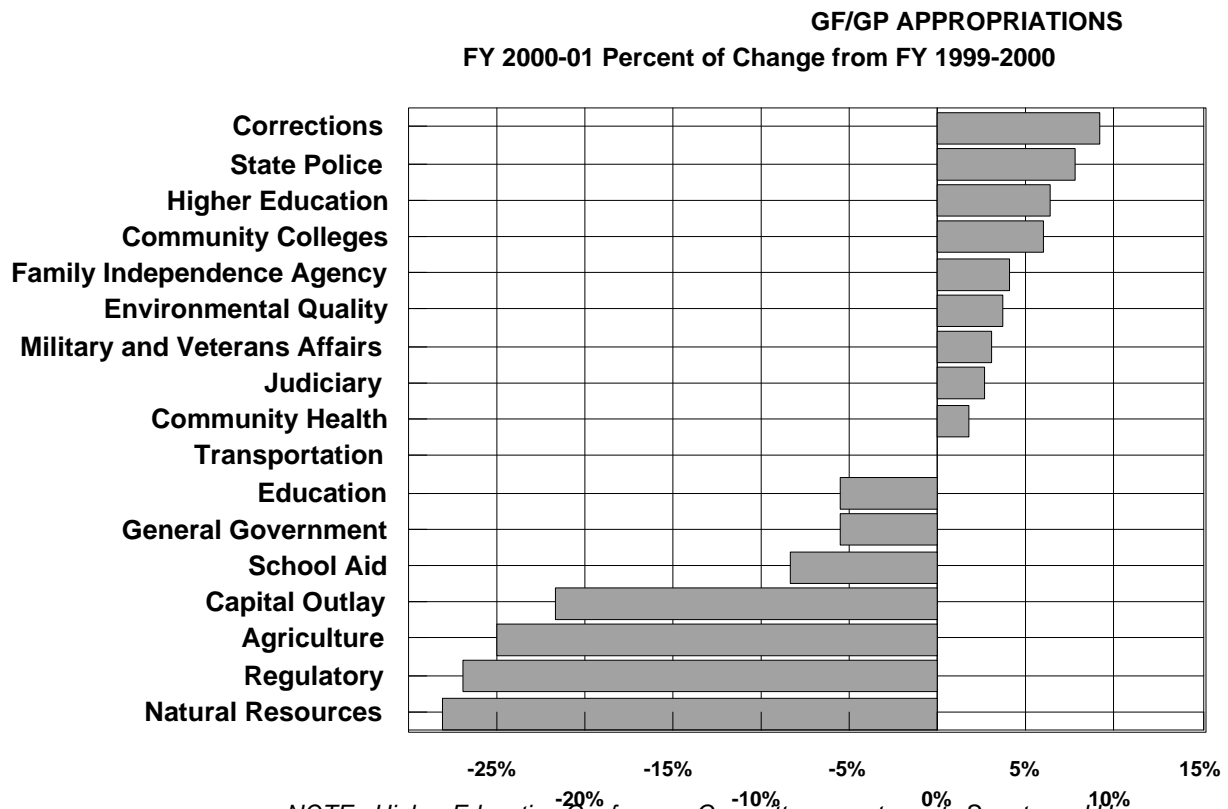
The largest GF/GP increases are:

Corrections (\$136.6 million),
Higher Education (\$106.5 million), and
Family Independence Agency (\$47.7 million).

It should be noted that the large reductions shown in these comparisons are caused by:

- ' The supplemental bill enacted July 13, 2000 (SB 968, 2000 PA 291), which provided FY 1999-2000 funds to Departments, effectively moving appropriations from FY 2000-01 to FY 1999-2000; and
- ' Program transfers that moved programs between agencies.

Figure 4



NOTE: Higher Education Conference Committee report awaits Senate and House approval; amounts used for calculation are those appearing in the conference report.

Overview

APPROPRIATIONS FROM TOBACCO SETTLEMENT FUNDS: FY 2000-01

<u>Department and Program</u>	<u>Trust Fund</u>	<u>Amount</u>
<u>Career Development</u>		
Council of Michigan Foundations: Grant to the Council is redistributed to community foundations across the state for local initiatives dealing with youth and senior health issues.	Tobacco Settlement	\$6,000,000
<u>Community Colleges</u>		
Postsecondary Student Access Program (PASS Program): Finance postsecondary education for qualifying students at community colleges.	Tobacco Settlement	\$10,000,000
<u>Community Health</u>		
Office of Services to the Aging - Long-Term Care Advisor: Provides funding to establish and operate a new Office of Long-Term Care Advisor in accordance with a long-term care plan created pursuant to PA 336 of 1998 and PA 114 of 1999.	Tobacco Settlement	\$3,021,400
Office of Services to the Aging - Respite Care: Respite services provide temporary companionship, care or assistance to an elderly person who needs constant attention, thereby providing respite to the regular at-home caregiver.	Tobacco Settlement	\$5,000,000
Medical Services - State and Local Medical Programs: Increase health care coverage for low-income persons who do not qualify for Medicaid; monies are to be pooled with existing State Medical Program, local, and federal funds to finance more comprehensive services to uninsured persons in counties which seek to expand services to the non-Medicaid population.	Tobacco Settlement	\$10,000,000
Medical Services - EPIC Program: Implement the Elder Prescription Insurance Program effective January 1, 2001; program will offer subsidized coverage for prescription medications to senior citizens with incomes up to 200% of the poverty level.	Tobacco Settlement	\$33,000,000
Medical Services - Long-Term Care Services: Increase the personal needs allowance from \$30 to \$60 per month for Medicaid patients in nursing homes.	Tobacco Settlement	\$5,000,000
Rural Health Initiative: One-time funding to continue the rural health initiatives started in FY 1999-2000 with an emphasis on emergency medical services (EMS), medical equipment, and technology: \$4.0 million in matching grants for training and retention of EMS technicians, \$1.0 million for the purchase of defibrillators, and the remainder for other medical equipment and technology.	Tobacco Settlement	\$10,000,000
Medicaid Base Increase: Support for ongoing Medicaid program funding needs.	Tobacco Settlement	\$20,000,000

Overview

<u>Department and Program</u>	<u>Trust Fund</u>	<u>Amount</u>
<u>Higher Education</u> NOTE: Information as shown in Conference Report		
Michigan Merit Award Program: Provides merit scholarships to high school graduates with a high qualifying score on the MEAP test.	Merit Award	\$110,000,000
Tuition Incentive Program: Two-phase program to encourage low-income student to graduate from high school; phase I provides qualifying students with up to two years of free tuition at a community college; phase II provides qualifying students with up to \$2,000 toward tuition at a community college or four-year university.	Merit Award	\$5,250,000
<u>Michigan Strategic Fund</u>		
Health and Aging Research and Development Initiative: Provide grants to Michigan universities and private research facilities to conduct research (including collaborative research) in the area of life sciences; commercialize innovations discovered or developed through the research.	Tobacco Settlement	\$50,000,000
<u>Treasury</u>		
Funding is provided for administrative costs of the following programs: Michigan Merit Awards Commission for administration of the Michigan Merit Award Scholarship provided to eligible high school students; Michigan Educational Assessment Program (MEAP) Test Administration for administration of the MEAP test given to 4th, 5th, 7th, 8th, and 11th grades as required by the revised school code; and Tuition Incentive Program for administration of the Tuition Incentive Program.	Merit Award	\$18,870,600
Michigan Education Savings Plan: Create a savings plan to give Michigan families an incentive to save for higher education through a combination of tax deductions and state matching grants.	Merit Award	<u>\$10,000,000</u>
Total FY 2000-01 Tobacco Settlement Appropriations		\$296,142,000

Overview

SUPPLEMENTAL APPROPRIATIONS FOR FY 1999-2000

Following is a summary of supplemental appropriations made in Senate Bill 968 (2000 PA 291) for FY 1999-2000. Individual department sections following this *Overview* provide more detailed information on these supplemental appropriations.

	<u>Gross</u>	<u>Adjusted Gross</u>	<u>Federal</u>	<u>Local/ Private</u>	<u>Restricted</u>	<u>GF/GP</u>
Agriculture	\$23,057,300	\$23,057,300			\$6,307,300	\$16,750,000
Capital Outlay	151,961,900	151,961,900			30,651,400	121,310,500
Career Development	28,500,000	28,500,000	8,000,000			20,500,000
Civil Rights	1,000,000	1,000,000	(750,000)			1,750,000
Civil Service	1,200,000	1,200,000				1,200,000
Community Health	17,204,300	17,204,300	10,855,300	2,000,000	500,000	3,849,000
Consumer and Industry Services	3,000,000	3,000,000				3,000,000
Corrections	(3,622,800)	(3,622,800)				(3,622,800)
Education	3,700,000	3,700,000	990,000		740,000	1,970,000
Environmental Quality	350,000	350,000			300,000	50,000
Family Independence Agency	160,703,400	160,703,400	88,145,000		(8,000,000)	80,558,400
Higher Education	11,200,000	11,200,000			11,200,000	
Judiciary	4,200,000	4,200,000			(200,000)	4,400,000
Legislature	1,400,000	1,400,000				1,400,000
Management and Budget	37,150,000	37,150,000			2,000,000	35,150,000
Michigan Strategic Fund	50,000,000	50,000,000				50,000,000
Military and Veterans Affairs	900,000	900,000				900,000
Natural Resources	46,594,700	46,282,700	3,523,500		16,509,200	26,250,000
State	695,200	695,200				695,200
State Police	10,664,000	9,827,000	(192,000)		(200,000)	10,219,000
Transportation	29,700,000	29,700,000	23,700,000		6,000,000	0
Treasury	<u>18,522,000</u>	<u>18,522,000</u>	<u> </u>	<u> </u>	<u>17,322,000</u>	<u>1,200,000</u>
TOTAL	\$598,080,000	\$596,931,000	\$134,271,800	\$2,000,000	\$83,129,900	\$377,529,300

LINE ITEM VETOES

The following summarizes the Governor's vetoes for FY 2000-01. Individual vetoes are discussed in more detail in the body of the report.

			Gross Amount of Veto
Agriculture	HB 5273	2000 PA 270	\$405,000
Community Colleges	SB 963	2000 PA 272	\$50,000
Community Health	SB 964	2000 PA 296	\$1,500,000
Consumer and Industry Services	HB 5275	2000 PA 293	\$50,000
Education	SB 966	2000 PA 263	\$70,000
Family Independence Agency	HB 5277	2000 PA 294	\$8,105,000
Michigan Strategic Fund	HB 5274	2000 PA 292	\$250,000
Transportation	HB 5284	2000 PA 271	\$12,663,000
School Aid	SB 1044	2000 PA 291	\$33,100,000

BUILD MICHIGAN III

The Build Michigan III program has been described as “a mix of state and local road improvements” and as “an investment of “nearly \$1 billion over the next five years for key road projects that relieve congestion, reduce traffic delays, improve safety, and provide for economic development.”

The Build Michigan III program is not included as a separate line item in Part 1 of the Transportation appropriations act (2000 PA 271) nor is it included as part of other Part 1 line items. Funding and spending authority for the program was provided through an amendment to the Management and Budget Act and through boilerplate language in two appropriations acts:

Public Act 189 of 2000 (SB 1275)

This act amended Section 358 of the Management and Budget Act (MCL 18.1358) to provide for transfer of funds from the Countercyclical Budget and Economic Stabilization Fund (BSF) to the State Trunkline Fund (STF). For FY 1999-2000, the act provided for an appropriation of up to \$100 million from the BSF to the STF.

The act also provided for an annual \$35 million appropriation from the BSF to the STF for a sixteen-year period starting in FY 2000-2001 and continuing through the fiscal year ending September 30, 2016. The Michigan Department of Transportation has indicated that this appropriation would be used for debt service on Build Michigan III bonds which may be sold sometime in FY 2000-01.

Public Act 291 of 2000 (SB 968)

The \$100.0 million transferred from the BSF to the STF in 2000 PA 189 was appropriated for Build Michigan III projects through boilerplate section 602 in 2000 PA 291 (SB 968), the FY 1999-2000 supplemental appropriations act. Section 602 also provides carry-forward authority to allow funds not expended by the end of FY 1999-2000 to carry forward and be appropriated for Build Michigan III projects. Similar carry-forward language was included in Section 343 of the FY 2000-01 appropriations act (2000 PA 271).

Overview

NEW / INCREASED FEES

Natural Resources

Forest camping fees and others user fees increased to support forest recreation programs in state forests; expected increase of \$425,000; this fee increase requires Natural Resource Commission approval.

Community Health (Public/Crime/Aging)

Vital records fee increased to upgrade and enhance the computerize record-keeping system of vital records; the fee increase requires statutory amendment to the Public Health Code.

CHANGES IN METHODS OF FUNDING PROGRAMS

Career Development

\$517,800 GF/GP replaces federal TANF funding to support the Displaced Homemakers program.

Civil Rights

\$700,000 GF/GP replaces federal EEOC funding that will not be received; funding provided for employment discrimination investigations.

Community Health (Public/Crime/Aging)

\$7.0 million in GF/GP funding replaces federal TANF funding for the Family Support Subsidy program.

Corrections

- ' \$1.0 million anticipated increase in collections of probation and parole oversight fees; to be used to replace existing GF/GP support.
- ' \$229,000 in additional revenue is anticipated from public works user fees paid by agencies and/or organizations utilizing prisoner work crews; fees increase from \$% to \$6 per day.
- ' \$172,300 in additional revenue is anticipated from increase in tether participant fees paid by offenders in the electronic monitoring program.

Education

\$50,000 for the National Board Certification Program certification fee shifted funding source from GF/GP to Restricted revenues from certification fees paid by current and prospective teachers.

Family Independence Agency

- ' \$103.0 million GF/GP from the Family Independence Program is replaced with \$103.0 in federal TANF from the Day Care Services line.
- ' \$15.0 million federal TANF added to day care services to replace \$15.0 million GF/GP transferred to transitional work support, a transitional medical coverage program for former FIP recipients who received FIP for less than 90 days and are ineligible for transitional Medicaid.
- ' \$16.3 in GF/GP added to FIA budget to replace a like amount of federal TANF funding; the state's planned usage of the TANF funding was disallowed.

Judiciary

\$276,700 funding shift eliminates federal TANF funding and replaces it with new Title IV-E and state GF/GP as a result of an audit report finding that federal TANF funding was being used in a way that federal guidelines prohibit.

Library of Michigan

\$429,900 GF/GP for the Statewide Database Access program is provided as a result of the anticipated loss of a portion of the federal revenues used to support the program

CONSENSUS REVENUE ESTIMATES

State law requires that the State Budget Director or State Treasurer, the Director of the Senate Fiscal Agency, and the Director of the House Fiscal Agency, or their respective designees, meet at least twice a year to review and revise GF/GP and School Aid Fund revenue forecasts. The Consensus Revenue Estimating Conference was held on May 17, 2000, to reach a consensus on FY 1999-2000 and FY 2000-01 revenues.

The consensus agreement anticipated that baseline GF/GP and SAF revenues will increase by 4.0% between fiscal years 1999-2000 and 2000-01.

STATE SPENDING RETURNED TO LOCAL GOVERNMENTS

Pursuant to Article IX, Section 30 of the *Constitution of the State of Michigan of 1963*, at least 48.97% of state spending from state resources must be paid to all units of local government. As shown in **Table 5** (page 32), the FY 2000-01 budget provides for \$15.1 billion in payments to local units of government, or 59.2% of the estimated \$25.6 billion in state spending from state resources — well within the constitutional requirement.

STATE WORKFORCE CHANGES

Table 4 (page 31) compares the number of full-time equated or FTE positions (classified and unclassified) between FY 1999-2000 and FY 2000-01 (enacted). Table 4 shows an increase in total FTE positions from 63,565.4 in FY 1999-2000 to 64,795.7 in FY 2000-01 — an increase of 1,230.3 FTEs or 1.9% from the current year. Each FTE is equivalent to 2,088 hours of employee compensated time (including overtime, annual leave and used sick leave) during the year.

Overview

OPERATIONAL ECONOMIC / INFLATION CHANGES

The following adjustments are associated with employee wage and fringe benefit increases and inflationary increases in the costs for supplies, materials, equipment etc.

	<u>% Base Pay Increase over FY 2000</u>	<u>Lump Sum Payment</u>
SALARIES AND WAGES Classified and Unclassified by bargaining unit		
SEIU Coalition: MCO, MPES, Local 31-M Security, - Scientific & Engineering	2%	\$375
Human Services Support		
UTEA - Technical	2%	\$375
UAW - Human Services and Administrative Support	2%	\$375
MSEA - Labor & Trades, Safety & Regulatory	2%	\$375
AFSCME - Institutional	2%	\$375
MSPTA - Enlisted State Police (agreement still pending)	2%	\$150 + \$91.25
Proposed emergency response benefit increase cost of approximately \$91.25 per trooper was added to proposed \$150 lump sum payment for computation.		

	<u>% Salary and Wages</u>	<u>% of Retirement Base</u>
DEFINED BENEFITS RETIREMENT (calculated using the retirement base; also includes FICA at 7.65%)		
Regular - Code 4	20.07%	9.13%
Supplemental - Correctional Officers - Code 1	21.82%	7.75%
Conservation Officers - Code 26	23.09%	-0.12%
State Police Enlisted - No social security/medicare - Code 2	37.11%	22.07%
State Police Enlisted - No social security/medicare - Code 17	38.56%	21.06%
INSURANCES FOR EMPLOYEES (weighted average for all insurances)	8.90%	
WORKERS' COMPENSATION	See Note 1	
Note 1: % Salary and Wages calculated on estimates by Risk Management		
BUILDING OCCUPANCY CHARGES	See Note 2	
Note 2: % Salary and wages as determined by DMB Administrative Services		
INSTITUTIONS ONLY		
Food	1.60%	
Fuel oil and coal	0.00%	
Utilities: Electric and Natural Gas	0.00%	
Medical Care	See Note 3	
Note 3: % Salary and Wages as approved by Deputy Budget Director		

Source: Department of Management and Budget

CHANGES BY BUDGET AREA

Following is a list of FY 2000-01 major budgetary changes, including a brief explanation of the specific increase or decrease. Also summarized are supplemental appropriations for FY 1999-2000.

EDUCATION

Community Colleges

- \$17.6 million (GF/GP) to support the operations of the colleges
- \$10.0 million (Restricted) for scholarships under the Postsecondary Student Access Program
- FY 1999-2000 Supplemental Budget Item: \$8.7 million (GF/GP) for special maintenance, infrastructure, and technology

Education

- \$817,000 (GF/GP) to support early childhood school readiness program
- \$560,000 (GF/GP) for curriculum development, civic education, math and science education, teacher education, etc.
- \$400,000 (GF/GP) to fund innovative programs in the areas of school safety and parental and community involvement
- \$250,000 (GF/GP) for technology to consolidate multiple school improvement plans
- \$250,000 (GF/GP) to support autism teacher certification programs

Higher Education (per Conference Report)

- \$106.5 million (GF/GP) increase in support for higher education
- \$12.5 million (Merit Award Trust Fund) for increased number of Merit Awards
- \$6.1 million (GF/GP) in Project GREEN funding, transferred from the Agriculture budget
- FY 1999-2000 Supplemental Budget Items:
 - \$44.0 million (GF/GP) for infrastructure, technology, equipment, and maintenance (ITEM) for public universities
 - \$11.2 million (Merit Award Trust Fund) for Michigan Merit Awards
 - \$2.2 million (GF/GP) for General Degree Reimbursement for independent colleges and universities

School Aid

- Basic Foundation Allowance (BFA) Increases:
 - FY 2000-01 increase over current year of \$300/5.3% per pupil to \$6,000
 - FY 2001-02 increase of \$300/5% to \$6,300
 - FY 2001-02 equity payment of \$200 for districts with foundation allowance below \$6,500, effectively raising BFA to \$6,500
 - FY 2002-03 increase of \$200 to \$6,700
- \$110.0 million (School Aid Fund) for teacher technology initiative (FY 1999-2000 only)

Overview

- \$50.0 million (School Aid Fund) annually for competitive grants for reading programs
- Schools of choice among districts in contiguous Intermediate School Districts

GENERAL GOVERNMENT

Attorney General

- \$921,400 (GF/GP) for on-going costs associated with improved computer hardware, software, and communications technology
- \$767,200 (Gross) for ten new positions in the Children and Youth Services Division associated with increased legal services provided to the Wayne County Office of the Family Independence Agency in child abuse and neglect cases
- \$610,000 (Gross) for eight new positions in the Natural Resources Division associated with increased legal services provided to the Department of Environmental Quality in environmental response actions
- \$531,100 (Gross) for three new positions in the Criminal Division associated with investigation and prosecution of sophisticated financial crimes in Southeast Michigan
- \$411,700 (Gross) for four new positions in the Health Care Fraud Division associated with increased civil lawsuits and forfeiture proceedings being brought against individuals who either pled guilty to or were convicted of certain Medicaid fraud violations
- \$295,100 (Gross) for three new positions in the Agriculture Division associated with an anticipated increase in legal services provided to the Department of Agriculture in bovine tuberculosis litigation cases
- \$175,300 (Gross) for two new positions in the Health Professionals Division associated with increased legal services provided to the Department of Consumer and Industry Services in enforcement litigation cases related to licensing of health care professionals

Civil Rights

- \$700,000 (GF/GP) to replace federal Equal Employment Opportunity Commission (EEOC) funding that will not be received; funding provided for employment discrimination investigations
- FY 1999-2000 Supplemental Budget Items:
 - \$1.0 million (GF/GP) for fifteen new positions requested by the Department due to the number of vacancies expected to occur as a result of the number of employees eligible for retirement
 - \$750,000 (GF/GP) to replace federal EEOC funding that will not be received; funding provided for employment discrimination investigations

Civil Service

- \$1.0 million (Gross) for increased training services provided to state employees
- FY 1999-2000 Supplemental Budget Item: \$1.2 million (GF/GP) to complete implementation of the statewide Human Resources Management Network

Executive Office

- \$5,900 (GF/GP) for an estimated 3% salary increase for the Governor and the Lieutenant

Governor for January through September of 2001; funding will be applied to the cost of the salary increases once determined by SOCC

- \$2,700 (GF/GP) for the 9% salary increase provided by SOCC for the Governor and the 3.5% salary increase provided by SOCC for the Lieutenant Governor for October through December of 2000

Legislative Auditor General

- \$150,000 (GF/GP) for three new auditor positions
- Reduce funding for rent due to a revised estimate of the cost for office space rent under DMB's proposal to directly manage all state-owned and leased space; reduction of \$41,100 (GF/GP)

Legislature

- \$332,900 (GF/GP) for increased utility, maintenance, and lease costs for the House of Representatives Office Building and for increased utility costs for the Farnum Building
- \$198,300 (GF/GP) for an estimated 3% salary increase for members of the Legislature for January through September of 2001; funding will be applied to the cost of the salary increases once determined by SOCC
- \$90,500 (GF/GP) for the Michigan Legislative Retirement System; funding provided for general nonretirement expenses
- \$67,100 (GF/GP) for the 3.5% salary increase provided by SOCC for members of the Legislature for October through December of 2000
- FY 1999-2000 Supplemental Budget Items
 - \$1.0 million (GF/GP) for costs associated with the census tracking and reapportionment project; the purpose of the project is to compile election and census data, draw maps, and distribute the information for use in determining reapportionment
 - \$400,000 (GF/GP) for Capitol Building renovation projects

Library of Michigan

- \$429,900 (GF/GP) for the Statewide Database Access program; funding provided as a result of the anticipated loss of a portion of the federal revenues used to support the program
- \$72,200 (GF/GP) for Renaissance Zone reimbursements
- \$50,000 (GF/GP) for Subregional State Aid payments

Management and Budget

- \$16.9 million (Gross) for rent and operational costs associated with the state space plan; several major space initiatives are underway to consolidate departments, improve facility infrastructure, improve inter-agency communication, and provide easier access for external customers
- \$1.5 million (Gross) for operation and maintenance of the new State Police forensics lab
- \$510,000 (Gross) for on-going costs associated with implementing changes to the Judges' Retirement System
- \$412,200 (GF/GP) for the required appropriation into the Health Insurance Reserve Fund of

Overview

estimated savings from implementing the Defined Contribution Plan

- FY 1999-2000 Supplemental Budget Items:
 - \$21.2 million (GF/GP) to purchase hardware and software necessary for development, implementation, and maintenance of e-Michigan
 - \$11.1 million (GF/GP) for funding art and cultural grant awards
 - \$2.0 million (GF/GP) to make possible the large-scale use of electronic funds transfers to make state payments to vendors and other payees, and to make possible the use of on-line vendor enrollment
 - \$500,000 (GF/GP) for the census and redistricting project
 - \$350,000 (GF/GP) for offsetting costs associated with hosting the annual meeting of the Council of State Governments

State

- \$2.0 million (Gross) for expansion of the specialty license plate program
- \$2.0 million (Gross), \$500,000 (GF/GP), for enhanced information technology
- \$1.8 million (Gross), \$606,700 (GF/GP), for social security number verification of driver license and personal identification applicants
- \$750,000 (GF/GP) for elections electronic disclosure system
- \$500,000 (GF/GP) to initiate a program for the distribution of Michigan history educational materials to students through the Michigan curriculum framework
- Reduce interdepartmental grant from Michigan Transportation Fund for the commemorative license plate program; reduction of \$6.5 million (Gross)
- FY 1999-2000 Supplemental Budget Items:
 - \$395,200 (GF/GP) for branch office technology enhancements
 - \$300,000 (GF/GP) to prepare Michigan Historical Museum artifact collections for move to new storage facility

Treasury

- \$138.1 million (Gross) additional Constitutional and statutory revenue sharing payments to villages, townships, cities and counties
- \$16.0 million (Gross) to expand 911 emergency services to mobile and wireless communications statewide
- \$10.0 million (Gross) for the state match portion of the Michigan Education Savings Plan program
- \$5.6 million (Gross) to provide for full-year costs of regulating Detroit casinos

- Decrease in funding for special revenue sharing payments, pursuant to statute prohibiting payments immediately following a decennial census; reduction of \$6.5 million (GF/GP)
- Decrease in funding needed to meet scheduled bond obligation debt service payments; reduction of \$2.6 million (GF/GP)
- FY 1999-2000 Supplemental Budget Items:
 - \$16.0 million (Gross) to expand 911 emergency services to mobile and wireless communications statewide
 - \$1.2 million (GF/GP) to provide special census revenue sharing payments to cities, villages and townships where populations grew by at least 10% since the 1990 federal census
 - \$1.0 million (Gross) for continued development of Michigan Education Assessment Program (MEAP) test questions
 - Change in Method of Funding-Fund Source Shift: \$12.0 million (Gross) of the Michigan Merit Award Trust Fund for MEAP test administration are replaced with a like amount from the Tobacco Settlement Trust Fund

HUMAN SERVICES

Community Health

Department-wide

- \$1.2 million (Gross and GF/GP) for the purchase of Microsoft Office Suite licenses for 4,734 desktop and laptop computers
- Increase in the federal Medicaid matching rate (FMAP) from 55.11% to 56.18%; savings of \$62.7 million (GF/GP)

Mental Health / Substance Abuse

- \$42.4 million (Gross), \$18.5 million (GF/GP) transferred to pharmaceutical services for the psychotropic drug costs associated with the community mental health Medicaid managed care program
- \$1.1 million (Gross and GF/GP) for the increased pharmacy costs at state psychiatric hospitals, centers for persons with developmental disabilities, and Forensic Center
- \$1.0 million (federal TANF) additional for substance abuse services to recipients of the Family Independence Agency who are required to obtain treatment as a condition of eligibility for public assistance
- \$500,000 (Gross) increase in the casino revenue directed to gambling addiction services
- Elimination of the psychiatric residency program line item appropriation with boilerplate language specifying that \$3.6 million of the funds appropriated for graduate medical education will be used for the psychiatric residency program; reduction of \$3.6 million (Gross and GF/GP)

Public Health / Crime Victims / Aging

- \$6.0 million (Gross) increase in federal funds for community programs serving crime victims
- \$4.8 million (Gross) in state restricted Healthy Michigan Fund appropriations, with total funding to over 40 programs and targeted projects
- \$2.3 million (Gross and GF/GP) increase for local children's immunization programs

Overview

- \$1.8 million (Gross and GF/GP) increase to expand senior volunteer services programs
- \$1.1 million (Gross) one-time increase for a women's cardiovascular health program from court settlement funds
- \$850,000 (Gross and GF/GP) increase to adolescent health care centers
- Change in funding source for the Family Support Subsidy program replaces \$7.0 million in GF/GP funding with federal TANF funds

Medical Services

- \$233.7 million (Gross), \$102.4 million (GF/GP), for increases in Medicaid provider payment rates for health plans (11.7%), inpatient hospital services (4.0%), outpatient hospital services (7.0%), physician services (9.0%), nursing home services (5.4% which includes a \$0.50/hour wage pass-through), auxiliary medical services (5%), home health services (4.0%), personal care services (4.0%), and a \$.05 increase in the pharmacy dispensing fee
- \$10.0 million (Gross) in tobacco settlement revenue to increase health care coverage for low-income persons who do not qualify for Medicaid
- \$10.0 million (Gross) in tobacco settlement revenues for one-time rural health initiatives
- \$7.5 million (Gross) reduction in funding for the Elder Prescription Insurance Program (EPIC) by delaying implementation of the new program until January 1, 2001, not counting \$15.0 million in budgeted premiums and copayments as program revenue, transferring \$4.5 million (GF/GP) from the Michigan Emergency Pharmaceutical Program, and increasing tobacco settlement revenues by \$3.0 million
- \$1.2 million (Gross and GF/GP) for a 3% economic increase to local health department operations
- \$1.2 million (Gross and GF/GP) for an increase in primary care services grants and for the University of Detroit-Mercy Dental Clinic
- FY 1999-2000 Supplemental Budget Items:
 - \$7.0 million (Gross), \$1.75 million (GF/GP), to begin implementation of data processing changes required by the federal Health Insurance Portability and Accountability Act
 - \$4.5 million (Gross), \$0 (GF/GP) for mental health services to juvenile delinquents in Wayne County
 - \$4.2 million (Gross), \$1.1 million (GF/GP), for improvements to the Medicaid encounter data system used to track managed care expenditures and utilization
 - \$749,000 (Gross and GF/GP) for laboratory and epidemiological support for the bovine tuberculosis eradication program
 - \$500,000 (Gross) for a diabetes outreach program at Wayne State University
 - \$300,000 (Gross and GF/GP) for a child car seat safety grant program

Corrections

- \$37.4 million (GF/GP) to cover full-year costs of facilities opening in FY 1999-00
- \$9.8 million (GF/GP) for partial-year costs of Bellamy Creek Correctional Facility, a 1,500-bed Level IV facility opening in Ionia in July 2001
- \$9.8 million (GF/GP) in health care cost increases, including pharmaceuticals and a managed care contract increase
- \$2.5 million (GF/GP) to replace shortfalls in telephone fee revenues, which support the county jail reimbursement program
- \$517,800 (Gross and GF/GP) for county jail reimbursement program increase in per diems by \$2, revise reimbursement criteria, and provide for continued study of sentencing guidelines' impact
- Delay until FY 2001-02 the opening of three facilities originally expected to open in FY 1999-00; reduction of \$6.1 million (GF/GP)
- Bill restructuring which reduces the number of line items by nearly one-half through consolidation and roll-up of various lines

Family Independence Agency

- \$106.0 million (TANF) projected decrease in day care services spending due to slowing of caseload growth
- \$56.0 million (Gross), \$20.1 million (GF/GP), increase for data processing initiatives
- \$39.1 million (TANF) increase in day care services for new pilot programs, including TEACH and a before- or after-school program, as well as expansion of provider rates and eligibility guidelines
- \$29.0 million (Gross), \$13.6 million (GF/GP), increase to cover projected foster care caseload spending; provide a 3.0% foster care parent rate increase; and provide a 7½ month, 3.0% rate increase for child placing agencies and private residential treatment facilities
- \$27.0 million (TANF) increase to finance the refundable portion of the Homestead Property Tax Credit for families below 200% of the federal poverty level
- \$17.3 million (Gross), \$6.9 million (GF/GP), increase to cover projected adoption subsidies caseload spending and provide a 3.0% adoption subsidy rate increase for parents
- \$15.0 million (TANF) added to day care services to replace \$15.0 million (GF/GP) transferred to transitional work support, a transitional medical coverage program for former FIP recipients who received FIP for less than 90 days and are ineligible for transitional Medicaid
- \$11.8 million (TANF) to provide grant increase for certain deferred and kinship care FIP clients, and to increase the clothing voucher to FIP clients from \$50 to \$75

Overview

- Decrease Family Independence Program (FIP) caseload by 14,900 from the FY 1999-2000 level; reduction of \$63.3 million (TANF)
- FY 1999-2000 Supplemental Budget Items:
 - \$50.0 million (TANF) to fund the Family Opportunity Project
 - \$27.0 million (TANF) to finance the refundable portion of the Homestead Property Tax Credit for families below 200% of the federal poverty level
 - \$20.0 million (TANF) to fund a teen pregnancy reduction project
 - \$18.8 million (GF/GP) added as federally required to reduce food stamp error rates
 - \$17.3 million (GF/GP) to recognize reduced Title IV-D funding due to Child Support Enforcement System sanction
 - \$16.3 million (GF/GP) returned due to clarification of TANF regulations
 - \$15.0 million (Gross), \$6.0 million (GF/GP) for personal computer replacement in FIA field offices
 - \$13.1 million (GF/GP) one-time appropriation increase in the Children's Trust Fund
 - \$8.0 million (GF/GP) to eliminate the department-wide lapse fund source
 - \$1.0 million (GF/GP) to provide additional funding to Community Action Agencies

REGULATORY

Career Development

- \$6.0 million (Restricted) from tobacco settlement revenue for the Council of Michigan Foundations to support community health initiatives aimed at youth and senior citizens
- \$1.2 million (GF/GP) to support the state's Michigan Works! Agency Service Centers which offer one-stop assistance to individuals seeking job placement or training assistance
- \$750,000 (GF/GP) for grants to centers for independent living
- \$498,000 (Gross), including \$300,000 (GF/GP), increase for administrative costs related to the federal Workforce Investment Act
- \$434,000 (GF/GP) for the administration of Michigan Community Service Commission volunteerism programs
- Change in method of funding: replace \$517,800 (GF/GP) with federal Temporary Assistance for Needy Families (TANF) funding to support Displaced Homemakers program
- FY 1999-2000 Supplemental Budget Items:
 - \$10.0 million (GF/GP) for Focus:HOPE
 - \$10.0 million (GF/GP) for the establishment of the Community Service Alliance
 - \$8.0 million (federal) for the Summer Youth Program which will provide education and employment for youth between 14 and 19 years of age

Consumer and Industry Services

- \$5.0 million (federal) for 1,200 additional Section 8 housing certificates which provide rental assistance to qualified low-income households and for related administrative costs
- \$4.1 million (GF/GP) for arts and cultural grants

Overview

- \$3.7 million (Gross) for rent and employment training costs related to the Unemployment Agency's transfer to a remote initial claims system through which workers will file for unemployment benefits by phone or through the Internet
- \$1.4 million (federal) for up to 20 additional day care licensing positions
- \$746,000 (Restricted) for fire protection grants which are paid to local units of government which provide fire protection services to state-owned buildings
- \$500,000 (Restricted) for survey and remonumentation grants distributed to Michigan counties
- \$224,000 (Gross), including \$104,000 (GF/GP), for five additional construction safety inspectors
- FY 1999-2000 Supplemental Budget Items:
 - \$2.0 million (GF/GP) for the Regional Emergency Medical Services Training Center at Oakland Community College
 - \$1.0 million (GF/GP) for the Fire and Emergency Training Center at Macomb Community College

Michigan Strategic Fund

- \$250,000 (GF/GP) to the Small Business Development Center to deliver small business management assistance services statewide
- Transfer economic development job training administrative staff (6.0 FTEs) to the Department of Career Development; reduction of \$530,000 (Gross)
- FY 1999-2000 Supplemental Budget Item: \$50.0 million (GF/GP) to create an urban revitalization infrastructure program

RESOURCE PROTECTION

Agriculture

- \$3.4 million (GF/GP) for the Department of Agriculture's efforts to eradicate bovine tuberculosis
- \$1.5 million (Gross) increase in funding for horse racing programs and grants from the Agriculture Equine Industry Development Fund
- \$1.1 million (Gross) increase from the Department of Community Health to provide grants to local health departments to address food safety activities
- Decrease Biotechnology Grant by \$1.4 million (GF/GP)
- FY 1999-2000 Supplemental Budget Items:
 - \$14.5 million (GF/GP) for bovine tuberculosis eradication
 - \$2.0 million (GF/GP) for implementation of the recently enacted food codification laws
 - \$1.3 million (Gross) Agriculture Equine Industry Development Fund
 - \$250,000 (GF/GP) for the food bank

Overview

Environmental Quality

- \$2.5 million (Restricted) Clean Michigan Initiative bond fund support for the water quality monitoring program
- \$825,000 (Restricted) to support local pollution prevention programs, toxic waste disposal education programs, the clean corporate citizen program, and the air emission trading program
- \$375,000 (GF/GP) to investigate alleged violations of state and federal wetland regulations
- FY 1999-2000 Supplemental Budget Items (2000 PA 52 — CMI):
 - \$30.0 million (Restricted) for local waterfront development grants; \$3.0 million of this amount is available for lighthouse restoration projects
 - \$25.2 million (Restricted) for clean water fund grant programs including voluntary storm water permits, failing on-site septic systems, abandoned well management grants, high quality water protection, illicit storm sewer connection grants, remedial action plans and lakewide management plan implementation, and the conservation reserve enhancement program match
 - \$13.0 million (Restricted) for local brownfield cleanup and redevelopment projects
 - \$3.0 million (Restricted) for pollution prevention grants for regional prevention projects, household hazardous waste collection programs, and environmental education
 - \$1.5 million (Restricted) for water quality monitoring
 - \$920,000 (Restricted) for contaminated lake and river sediment cleanup projects

Natural Resources

- \$2.5 million (GF/GP) to offset decreasing revenue to the Forest Development Fund
- \$1.0 million (Restricted) for State Park maintenance and repair projects
- \$1.0 million (Restricted) to operate the state fish hatchery Great Lakes Ecological Information Centers
- New Revenue: \$425,000 (Restricted) increased forest camping fees for wilderness campers in state forests; fees are not to be charged to deer hunters
- FY 1999-2000 Supplemental Budget Items:
 - \$17.0 million (GF/GP) to acquire gill fishing nets from Native American commercial fishers
 - \$12.4 million (Restricted) for Clean Michigan Initiative community recreation grants
 - \$11.5 million (Restricted) for local recreation grants to local governments
 - \$4.5 million (GF/GP) for deer herd testing for bovine tuberculosis
 - \$2.0 million (Restricted) for snowmobile trail maintenance and enforcement grants
 - \$1.5 million (GF/GP) to purchase in-car computers for conservation officers

SAFETY AND DEFENSE

Military and Veterans Affairs

- \$1.0 million (federal) for an expected increase in training activities at Camp Grayling and the Alpena Training Center
- \$219,900 (GF/GP) for a 6% across-the-board increase in grants to veterans service organizations
- \$180,000 (GF/GP) for additional maintenance projects at armories across the state

- FY 1999-2000 Supplemental Budget Items:
 - \$500,000 (GF/GP) for the Michigan Vietnam Veterans Memorial
 - \$400,000 (GF/GP) for a hydro-therapy pool at the Grand Rapids Veterans Home

State Police

- \$4.8 million (GF/GP) for the 119th and 120th trooper schools, which are projected to increase trooper strength to 1,339
- \$3.4 million (IDG from the State Trunkline Fund) to allow for the conversion of motor carrier officers to trooper status
- \$2.0 million (GF/GP) for operational costs associated with the Statewide Public Safety Communications System
- \$1.3 million (GF/GP) for the establishment of two Internet and Computer Crime Units within the department
- \$570,200 (GF/GP) for a 10% increase in GF/GP Secondary Road Patrol Grants to counties
- FY 1999-2000 Supplemental Budget Items:
 - \$3.1 million (GF/GP) and \$300,000 (federal) for family safety initiatives
 - \$3.1 million (GF/GP) for law enforcement information technology projects

ALL OTHER

Capital Outlay

- \$27.7 million (Gross) for major special maintenance at state owned facilities
- \$11.3 million (GF/GP) for the Metro Airport Midfield Terminal project
- \$5.0 million (GF/GP) for Willow Run Airport improvements
- \$5.0 million (Restricted) for Farmland and Open Space Development Acquisition
- \$4.5 million (90% federal) for a new National Guard maintenance facility in Midland
- \$3.5 million (Restricted) to allow MDOT to purchase/construct a new maintenance garage in Detroit
- \$3.3 million (federal) for expansion and renovation of the St. Ignace Marina
- FY 1999-2000 Supplemental Budget Items:
 - \$28.3 million (GF/GP) to increase the scope of the State Police Radio system project
 - \$5.0 million (GF/GP) grant to the Southwest Michigan Innovations Center
 - \$5.0 million (GF/GP) for the Consolidate Prisoner Intake Unit project
 - \$3.0 million (GF/GP) grant to the Kalamazoo Aviation History Museum
 - \$1.6 million (GF/GP) to remodel Attorney General Law Building offices

Judiciary

- \$2.4 million increase (GF/GP) for justices' and judges' salaries
- \$1.2 million (GF/GP) for competitive drug court grants

Overview

- \$473,000 (GF/GP) part-time probate judges transition to full-time status
- \$435,000 (GF/GP) increase to offset the state court fee fund reduction
- FY 1999-2000 Supplemental Budget Items:
 - \$2.3 million (GF/GP) to expand trial court demonstration projects
 - \$1.7 million (GF/GP) to implement recently enacted commercial motor vehicle legislation
 - \$250,000 (GF/GP) for the 27th district court
 - \$200,000 (GF/GP) to supplement the late enactment of law exam fee increase

Transportation

- \$106.6 million (Restricted and federal) total increase for transportation — 3.72%
- \$48.8 million (Restricted) increase MTF distribution to local units for local roads
- \$40.2 million (Restricted and federal) increase for state highway construction
- \$16.3 million (federal) increase for local highway construction
- \$600,000 (state restricted) effective increase for local bus operation assistance — less than 1%
- \$187,200 (Restricted) increase for line item that funds AMTRAK subsidy — 3% — with no GF/GP funds in budget
- FY 1999-2000 Supplemental Budget Items:
 - \$29.6 million (Restricted and federal) for Public Transportation Development — Bus Capital
 - \$600,000 (Restricted) for Intercity Passenger and Freight - Freight Preservation and Development
 - Up to \$100.0 million (BSF) appropriated through boilerplate for Build Michigan III program

FY 1999-2000 SUPPLEMENTAL SB 968 (2000 PA 291)

- \$100.0 million (Gross) for Build Michigan III
 - \$23.2 million (Gross) for the e-Michigan Project
 - \$2.25 million (Gross) for Reading READY kits
 - \$29.1 million (Restricted) for the MDOT Bus Capital program
-
- \$26.1 million (Restricted) for Round 2 of the DNR Trust Fund And CMI Local Recreation Grants
 - \$16.0 million (Restricted) to implement legislation expanding 911 emergency wireless services
 - \$14.0 million (Restricted) for local and state harbor dredging projects
 - \$56.0 million (GF/GP) to universities and community colleges for ITEM grants
 - \$50.0 million (GF/GP) for the Michigan Core Communities Fund
 - \$19.7 million (GF/GP) for the Bovine Tuberculosis Program and construction of the \$45 Million Animal Diagnostic Lab

- \$17.0 million (GF/GP) for settlement of the tribal fishing litigation
- \$13.1 million (GF/GP) to fully fund the Children's Trust Fund Corpus
- \$10.0 million (GF/GP) for an endowment fund to support volunteer programs under the Michigan Volunteer Alliance
- \$9.6 million (GF/GP) for Art, Culture, and Quality of Life grants
- \$50 million (Federal) for the FIA Family Opportunity Project
- \$20 million (Federal) for Teen Pregnancy Reduction

Overview

TABLE 1
FY 2000-01 APPROPRIATIONS BY SOURCE OF FUNDS

Department/ Major Budget Area	<u>Gross</u>	<u>IDGs and IDTs</u>	<u>Adjusted Gross</u>	<u>Federal Funds</u>	<u>Local Revenue</u>	<u>Private Revenue</u>	<u>State Restricted</u>	<u>General Fund/ General Purpose</u>
Community Colleges	325,011,719	0	325,011,719	0	0	0	10,000,000	315,011,719
Education	929,493,300	518,000	928,975,300	873,591,700	6,515,000	602,300	13,587,600	34,678,700
Higher Education**	1,905,000,608	0	1,905,000,608	3,900,000	0	0	115,250,000	1,785,850,608
School Aid	<u>10,932,335,000</u>	<u>0</u>	<u>10,932,335,000</u>	<u>145,000,000</u>	<u>0</u>	<u>0</u>	<u>10,401,721,500</u>	<u>385,613,500</u>
EDUCATION	14,091,840,627	518,000	14,091,322,627	1,022,491,700	6,515,000	602,300	10,540,559,100	2,521,154,527
Attorney General	61,393,500	9,473,700	51,919,800	7,124,800	0	1,149,200	8,374,800	35,271,000
Civil Rights	15,272,500	0	15,272,500	934,000	0	0	0	14,338,500
Civil Service	30,405,600	3,300,000	27,105,600	4,779,100	1,700,000	150,000	9,257,600	11,218,900
Executive Office	5,679,600	0	5,679,600	0	0	0	0	5,679,600
Legislative Auditor General	15,059,700	1,609,600	13,450,100	0	0	0	266,600	13,183,500
Legislature	106,420,700	0	106,420,700	0	0	400,000	1,041,800	104,978,900
Library of Michigan	39,916,700	0	39,916,700	4,557,400	0	75,000	86,900	35,197,400
Management and Budget	163,529,800	72,113,300	91,416,500	550,500	0	0	43,905,200	46,960,800
State	186,385,200	54,904,200	131,481,000	2,704,700	0	501,600	63,144,500	65,130,200
Treasury: Operations	355,297,400	9,178,400	346,119,000	33,800,000	1,145,900	0	241,737,900	69,435,200
Treasury: Debt/Revenue Sharing	<u>1,692,185,500</u>	<u>0</u>	<u>1,692,185,500</u>	<u>0</u>	<u>700,000</u>	<u>0</u>	<u>1,600,600,000</u>	<u>90,885,500</u>
GENERAL GOVERNMENT	2,671,546,200	150,579,200	2,520,967,000	54,450,500	3,545,900	2,275,800	1,968,415,300	492,279,500
Community Health	8,562,877,900	72,087,300	8,490,790,600	4,461,470,600	910,969,100	49,649,300	381,710,400	2,686,991,200
Corrections	1,703,858,400	6,710,500	1,697,147,900	26,633,600	429,500	0	50,484,300	1,619,600,500
Family Independence Agency	<u>3,591,822,500</u>	<u>765,000</u>	<u>3,591,057,500</u>	<u>2,204,258,650</u>	<u>110,646,200</u>	<u>8,513,950</u>	<u>50,641,200</u>	<u>1,216,997,500</u>
HUMAN SERVICES	13,858,558,800	79,562,800	13,778,996,000	6,692,362,850	1,022,044,800	58,163,250	482,835,900	5,523,589,200
Consumer & Industry Services	529,756,600	109,200	529,647,400	237,626,000	0	745,900	207,513,200	83,762,300
Career Development	523,454,400	1,048,000	522,406,400	468,818,800	14,962,800	2,670,400	10,495,800	25,458,600
Michigan Strategic Fund Agency	<u>169,082,800</u>	<u>100,000</u>	<u>168,982,800</u>	<u>52,673,200</u>	<u>0</u>	<u>656,700</u>	<u>50,050,000</u>	<u>65,602,900</u>
REGULATORY	1,222,293,800	1,257,200	1,221,036,600	759,118,000	14,962,800	4,073,000	268,059,000	174,823,800
Agriculture	97,916,500	9,680,800	88,235,700	6,037,000	0	1,121,900	34,047,000	47,029,800
Environmental Quality	409,510,800	17,511,700	391,999,100	129,737,500	1,103,900	419,900	160,831,600	99,906,200
Natural Resources	<u>255,442,800</u>	<u>3,679,400</u>	<u>251,763,400</u>	<u>24,649,100</u>	<u>0</u>	<u>1,728,900</u>	<u>169,426,800</u>	<u>55,958,600</u>
RESOURCE PROTECTION	762,870,100	30,871,900	731,998,200	160,423,600	1,103,900	3,270,700	364,305,400	202,894,600
Military and Veterans Affairs	101,172,700	0	101,172,700	35,952,600	0	375,000	22,988,200	41,856,900
State Police	<u>404,926,100</u>	<u>23,306,500</u>	<u>381,619,600</u>	<u>34,329,300</u>	<u>3,495,300</u>	<u>0</u>	<u>43,231,600</u>	<u>300,563,400</u>
SAFETY AND DEFENSE	506,098,800	23,306,500	482,792,300	70,281,900	3,495,300	375,000	66,219,800	342,420,300
Capital Outlay	471,994,800	7,000,000	464,994,800	99,361,000	17,372,000	0	35,447,200	312,814,600
Judiciary	236,914,000	3,608,500	233,305,500	2,826,600	2,836,100	1,322,400	56,003,600	170,316,800
Transportation	<u>2,978,304,600</u>	<u>10,459,500</u>	<u>2,967,845,100</u>	<u>915,449,000</u>	<u>5,700,000</u>	<u>0</u>	<u>2,046,696,100</u>	<u>0</u>
ALL OTHERS	3,687,213,400	21,068,000	3,666,145,400	1,017,636,600	25,908,100	1,322,400	2,138,146,900	483,131,400
TOTAL APPROPRIATIONS	\$36,800,421,727	\$307,163,600	\$36,493,258,127	\$9,776,765,150	\$1,077,575,800	\$70,082,450	\$15,828,541,400	\$9,740,293,327

**Higher Education amounts are those shown in the Conference Committee report; awaiting Senate and House approval.

TABLE 2
FY 2000-01 APPROPRIATIONS
FY 1999-2000 YTD Compared with FY 2000-01
ADJUSTED GROSS

DEPARTMENT/ MAJOR BUDGET AREA	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 YEAR-TO-DATE	FY 2000-01 vs 1999-2000	
			AMOUNT DIFFERENT	PERCENT DIFFERENT
Community Colleges	297,228,019	325,011,719	27,783,700	9.3%
Education	921,450,400	928,975,300	7,524,900	0.8%
Higher Education**	1,785,959,308	1,905,000,608	119,041,300	6.7%
School Aid	<u>10,200,829,300</u>	<u>10,932,335,000</u>	<u>731,505,700</u>	<u>7.2%</u>
EDUCATION	13,205,467,027	14,091,322,627	885,855,600	6.7%
Attorney General	47,777,400	51,919,800	4,142,400	8.7%
Civil Rights	15,623,300	15,272,500	(350,800)	-2.2%
Civil Service	27,485,500	27,105,600	(379,900)	-1.4%
Executive Office	5,425,100	5,679,600	254,500	4.7%
Legislative Auditor General	12,816,300	13,450,100	633,800	4.9%
Legislature	104,553,500	106,420,700	1,867,200	1.8%
Library of Michigan	38,977,400	39,916,700	939,300	2.4%
Management and Budget	126,496,000	91,416,500	(35,079,500)	-27.7%
State	125,379,700	131,481,000	6,101,300	4.9%
Treasury: Operations	322,443,800	346,119,000	23,675,200	7.3%
Treasury: Debt/RevenueShare	<u>1,564,639,500</u>	<u>1,692,185,500</u>	<u>127,546,000</u>	<u>8.2%</u>
GENERAL GOVERNMENT	2,391,617,500	2,520,967,000	129,349,500	5.4%
Community Health	8,153,207,000	8,490,790,600	337,583,600	4.1%
Corrections	1,558,085,200	1,697,147,900	139,062,700	8.9%
Family Independence Agency	<u>3,828,812,900</u>	<u>3,591,057,500</u>	<u>(237,755,400)</u>	<u>-6.2%</u>
HUMAN SERVICES	13,540,105,100	13,778,996,000	238,890,900	1.8%
Consumer and Industry Service	496,437,600	529,647,400	33,209,800	6.7%
Career Development	615,565,300	522,406,400	(93,158,900)	-15.1%
Michigan Strategic Fund Agency	<u>218,817,100</u>	<u>168,982,800</u>	<u>(49,834,300)</u>	<u>-22.8%</u>
REGULATORY	1,330,820,000	1,221,036,600	(109,783,400)	-8.2%
Agriculture	107,585,800	88,235,700	(19,350,100)	-18.0%
Environmental Quality	462,450,600	391,999,100	(70,451,500)	-15.2%
Natural Resources	<u>295,927,299</u>	<u>251,763,400</u>	<u>(44,163,899)</u>	<u>-14.9%</u>
RESOURCE PROTECTION	865,963,699	731,998,200	(133,965,499)	-15.5%
Military and Veterans Affairs	97,499,000	101,172,700	3,673,700	3.8%
State Police	<u>360,250,300</u>	<u>381,619,600</u>	<u>21,369,300</u>	<u>5.9%</u>
SAFETY AND DEFENSE	457,749,300	482,792,300	25,043,000	5.5%
Capital Outlay	602,022,500	464,994,800	(137,027,700)	-22.8%
Judiciary	229,034,600	233,305,500	4,270,900	1.9%
Transportation	<u>2,861,290,200</u>	<u>2,967,845,100</u>	<u>106,554,900</u>	<u>3.7%</u>
ALL OTHERS	3,692,347,300	3,666,145,400	(26,201,900)	-0.7%
TOTAL APPROPRIATIONS	35,484,069,926	36,493,258,127	1,009,188,201	2.8%

**Higher Education amounts are those shown in the Conference Committee report; awaiting Senate and House approval.

Overview

TABLE 3

FY 2000-01 APPROPRIATIONS
FY 1999-2000 Year-To-Date Compared with FY 2000-01
GENERAL FUND / GENERAL PURPOSE

DEPARTMENT/ MAJOR BUDGET AREA	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 YEAR-TO-DATE	FY 2000-01 vs 1999-2000	
			AMOUNT DIFFERENT	PERCENT DIFFERENT
Community Colleges	297,228,019	315,011,719	17,783,700	6.0%
Education	36,690,900	34,678,700	(2,012,200)	-5.5%
Higher Education	1,679,309,308	1,785,850,608	106,541,300	6.3%
School Aid	<u>420,613,500</u>	<u>385,613,500</u>	<u>(35,000,000)</u>	<u>-8.3%</u>
EDUCATION	2,433,841,727	2,521,154,527	87,312,800	3.6%
Attorney General	32,078,800	35,271,000	3,192,200	10.0%
Civil Rights	14,739,300	14,338,500	(400,800)	-2.7%
Civil Service	11,997,200	11,218,900	(778,300)	-6.5%
Executive Office	5,425,100	5,679,600	254,500	4.7%
Legislative Auditor General	12,522,500	13,183,500	661,000	5.3%
Legislature	103,111,700	104,978,900	1,867,200	1.8%
Library of Michigan	34,258,100	35,197,400	939,300	2.7%
Management and Budget	80,156,500	46,960,800	(33,195,700)	-41.4%
State	60,784,200	65,130,200	4,346,000	7.1%
Treasury: Operations	64,729,500	69,435,200	4,705,700	7.3%
Treasury: Debt/Revenue	<u>101,117,500</u>	<u>90,885,500</u>	<u>(10,232,000)</u>	<u>-10.1%</u>
GENERAL GOVERNMENT	520,920,400	492,279,500	(28,640,900)	-5.5%
Community Health	2,639,994,000	2,686,991,200	46,997,200	1.8%
Corrections	1,482,956,300	1,619,600,500	136,644,200	9.2%
Family Independence Agency	<u>1,169,287,900</u>	<u>1,216,997,500</u>	<u>47,709,600</u>	<u>4.1%</u>
HUMAN SERVICES	5,292,238,200	5,523,589,200	231,351,000	4.4%
Consumer and Industry Service	80,857,500	83,762,300	2,904,800	3.6%
Career Development	43,106,900	25,458,600	(17,648,300)	-40.9%
Michigan Strategic Fund Agency	<u>114,907,200</u>	<u>65,602,900</u>	<u>(49,304,300)</u>	<u>-42.9%</u>
REGULATORY	238,871,600	174,823,800	(64,047,800)	-26.8%
Agriculture	62,633,900	47,029,800	(15,604,100)	-24.9%
Environmental Quality	96,296,400	99,906,200	3,609,800	3.7%
Natural Resources	<u>77,745,000</u>	<u>55,958,600</u>	<u>(21,786,400)</u>	<u>-28.0%</u>
RESOURCE PROTECTION	236,675,300	202,894,600	(33,780,700)	-14.3%
Military and Veterans Affairs	40,600,500	41,856,900	1,256,400	3.1%
State Police	<u>278,938,900</u>	<u>300,563,400</u>	<u>21,624,500</u>	<u>7.8%</u>
SAFETY AND DEFENSE	319,539,400	342,420,300	22,880,900	7.2%
Capital Outlay	399,235,300	312,814,600	(86,420,700)	-21.6%
Judiciary	165,882,900	170,316,800	4,433,900	2.7%
Transportation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
ALL OTHERS	565,118,200	483,131,400	(81,986,800)	-14.5%
TOTAL APPROPRIATIONS	9,607,204,827	9,740,293,327	133,088,500	1.4%

**Higher Education amounts are those shown in the Conference Committee report; awaiting Senate and House approval.

TABLE 4
FULL-TIME EQUATED POSITIONS*
FY 1999-2000 Year-to-Date Compared with FY 2000-01

DEPARTMENT/ MAJOR BUDGET AREA	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 YEAR-TO-DATE	FY 2000-01 vs. FY 1999-2000	
			AMOUNT DIFFERENT	PERCENT DIFFERENT
Community Colleges	0.0	0.0	0.0	0.0%
Education	463.6	463.3	(0.3)	-0.1%
Higher Education**	1.0	1.0	0.0	0.0%
School Aid	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
EDUCATION	464.6	464.3	(0.3)	-0.1%
Attorney General	575.0	601.0	26.0	4.5%
Civil Rights	186.5	171.5	(15.0)	-8.0%
Civil Service	230.5	230.5	0.0	0.0%
Executive Office	85.0	85.0	0.0	0.0%
Legislative Auditor General	0.0	0.0	0.0	0.0%
Legislature	0.0	0.0	0.0	0.0%
Library of Michigan	0.0	0.0	0.0	0.0%
Management and Budget	967.5	967.5	0.0	0.0%
State	2,050.0	2,054.0	4.0	0.2%
Treasury: Operations	1,945.5	1,995.5	50.0	2.6%
Treasury: Debt/Revenue Sharing	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
GENERAL GOVERNMENT	6,040.0	6,105.0	65.0	1.1%
Community Health	6,138.3	6,264.1	125.8	2.0%
Corrections	19,190.3	19,784.8	594.5	3.1%
Family Independence Agency	<u>13,228.3</u>	<u>13,505.6</u>	<u>277.3</u>	<u>2.1%</u>
HUMAN SERVICES	38,556.9	39,554.5	997.6	2.6%
Consumer and Industry Services	4,212.9	4,257.9	45.0	1.1%
Career Development	1,135.0	1,145.0	10.0	0.9%
Michigan Strategic Fund	<u>241.0</u>	<u>235.0</u>	<u>(6.0)</u>	<u>-2.5%</u>
REGULATORY	5,588.9	5,637.9	49.0	0.9%
Agriculture	605.5	659.5	54.0	8.9%
Environmental Quality	1,616.7	1,637.7	21.0	1.3%
Natural Resources	<u>2,243.5</u>	<u>2,252.5</u>	<u>9.0</u>	<u>0.4%</u>
RESOURCE PROTECTION	4,465.7	4,549.7	84.0	1.9%
Military and Veterans Affairs	1,088.0	1,088.0	0.0	0.0%
State Police	<u>3,599.0</u>	<u>3,623.5</u>	<u>24.5</u>	<u>0.7%</u>
SAFETY AND DEFENSE	4,687.0	4,711.5	24.5	0.5%
Capital Outlay	0.0	0.0	0.0	0.0%
Judiciary	583.0	590.5	7.5	1.3%
Transportation	<u>3,182.3</u>	<u>3,182.3</u>	<u>0.0</u>	<u>0.0%</u>
ALL OTHERS	3,765.3	3,772.8	7.5	0.2%
TOTAL FULL-TIME EQUATED POSITIONS	63,568.4	64,795.7	1,227.3	1.9%

*Includes classified, unclassified, and nonlegislative exempt positions.

**Higher Education amounts are those shown in the Conference Committee report; awaiting Senate and House approval.

Overview

Table 5

STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS
FY 2000-01 Year-To-Date

DEPARTMENT/ MAJOR BUDGET AREA	Spending from State Sources	State Spending to Local Government Units	% of State Spending from State Sources as Payment to Locals
Community Colleges	325,011,719	325,011,719	100.0%
Education	48,266,300	14,054,400	29.1%
Higher Education**	1,901,100,608	4,670,654	0.2%
School Aid	<u>10,787,335,000</u>	<u>10,432,211,700</u>	<u>96.7%</u>
EDUCATION	13,061,713,627	10,775,948,473	82.5%
Attorney General	43,645,800	0	0.0%
Civil Rights	14,338,500	0	0.0%
Civil Service	20,476,500	0	0.0%
Executive Office	5,679,600	0	0.0%
Legislative Auditor General	13,450,100	0	0.0%
Legislature	106,020,700	0	0.0%
Library of Michigan	35,284,300	21,783,200	61.7%
Management and Budget	90,866,000	0	0.0%
State	128,274,700	69,800	0.1%
Treasury: Operations	311,173,100	92,256,300	29.6%
Treasury: Debt/Revenue Sharing	<u>1,691,485,500</u>	<u>1,600,615,000</u>	<u>94.6%</u>
GENERAL GOVERNMENT	2,460,694,800	1,714,724,300	69.7%
Community Health	3,068,701,600	1,027,454,000	33.5%
Corrections	1,670,084,800	81,056,300	4.9%
Family Independence Agency	<u>1,267,638,700</u>	<u>142,932,000</u>	<u>11.3%</u>
HUMAN SERVICES	6,006,425,100	1,251,442,300	20.8%
Consumer & Industry Services	291,275,500	33,921,000	11.6%
Career Development	35,954,400	0	0.0%
Michigan Startegic Fund Agency	<u>115,652,900</u>	<u>0</u>	<u>0.0%</u>
REGULATORY	442,882,800	33,921,000	7.7%
Agriculture	81,076,800	4,500,000	5.6%
Environmental Quality	260,737,800	6,529,900	2.5%
Natural Resources	<u>225,385,400</u>	<u>22,668,700</u>	<u>10.1%</u>
RESOURCE PROTECTION	567,200,000	33,698,600	5.9%
Military and Veterans Affairs	64,845,100	120,000	0.2%
State Police	<u>343,795,000</u>	<u>20,120,300</u>	<u>5.9%</u>
SAFETY AND DEFENSE	408,640,100	20,240,300	5.0%
Capital Outlay	348,261,800	28,770,000	8.3%
Judiciary	226,320,400	115,265,800	50.9%
Transportation	<u>2,046,696,100</u>	<u>1,157,828,500</u>	<u>56.6%</u>
ALL OTHER	2,621,278,300	1,301,864,300	49.7%
TOTALS	25,568,834,727	15,131,839,273	59.2%

**Higher Education amounts are those shown in the Conference Committee report; awaiting Senate and House approval.

**FY 2000-01
Budget Detail
for
EDUCATION**

**Community Colleges
Education
Higher Education
School Aid / K-12**

COMMUNITY COLLEGES

PUBLIC ACT 272 OF 2000

Fiscal Analyst: Caven West

SB 963

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	n/a	n/a	n/a	n/a
GROSS	\$297,228,019	\$325,011,719	\$27,783,700	9.3
IDG/IDT	0	0	0	n/a
ADJUSTED GROSS	\$297,228,019	\$325,011,719	\$27,783,700	9.3
FEDERAL	0	0	0	0.0
LOCAL	0	0	0	0.0
PRIVATE	0	0	0	0.0
STATE RESTRICTED	0	\$10,000,000	\$10,000,000	n/a
GF/GP	\$297,228,019	\$315,011,719	\$17,783,700	6.0

NOTE: The FY 2000-01 appropriations exclude \$50,000 (GF/GP) vetoed by the Governor.

OVERVIEW - COMMUNITY COLLEGES

Michigan's Community Colleges are funded with a combination of general fund revenue and restricted revenue from the tobacco trust fund. For Fiscal Year (FY) 2000-01, the Governor proposed an increase of more than \$18.7 million gross above FY 1999-2000 levels: \$8.7 million for Operations, \$10.0 million for the Postsecondary Access Student Scholarship (PASS) Program, \$107,537 for the At-Risk Student Success Program, and \$64,673 to reimburse colleges that incurred property tax revenue losses associated with Renaissance Zone developments.

Public Act 272 of 2000, the FY 2000-01 Community Colleges budget, appropriates \$325.0 million (Gross) or a 9.3% increase over FY 1999-2000 for the colleges. Funding for operations increased by \$17.6 million or 6% when compared to FY 1999-2000. The 6% operational increase is distributed as follows: 3.5% is distributed across-the-board and 2.5% is distributed by the Gast-Mathieu Formula. The percentage increase for the colleges ranged from a high of 11.2% down to a low of 3.5%. Table 1 (following) depicts the FY 2000-01 dollar increase for each college.

The Legislature increased funding for the At-Risk Student Success Program by \$107,537 or 3% over FY 1999-2000. The FY 2000-01 allocation for each college varied from the FY 1999-2000 allocation due to the number of at-risk students served. Distribution of the at-risk funds is based on the number of student contact hours generated in developmental and preparatory courses. Each college received a base grant of \$40,000 and the remaining allocation \$2.6 million is disbursed using a three-year average of the number of students served.

The Renaissance Zone Tax Reimbursement Program was also increased by \$114,673 or 31% over FY 1999-2000 appropriations, of which \$50,000 was set aside for the colleges to assist the Department of Treasury in its tax revenue loss data collection efforts. Subsequently, this item was vetoed by the Governor, which reduced the FY 2000-01 increase for this line down to \$64,673 or 18% over FY 1999-2000 appropriations. Renaissance Zone development reduces a college's property tax base against which community colleges levy operational millage. Grant awards under the Renaissance Zone Program are calculated by assessing the taxable value of ad valorem Homestead and Non-Homestead properties located within the confines of the developments. The total taxable value is adjusted for other tax exemptions, then the adjusted taxable value is multiplied by a college's millage rate to determine the reimbursement amount.

The FY 2000-01 budget also includes \$10.0 million in restricted revenue from the tobacco trust fund for financial aid to students of low- and middle-income families under the PASS Program. The new scholarship program would pay the difference between tuition and fee costs and the sum of Michigan competitive scholarships, Michigan tuition grants, Pell grants, and the Federal Hope Scholarship tax credit for Michigan students enrolled at community colleges, state universities, and independent private colleges. Eligible students over the age of 22 could receive a one-time scholarship of \$500. To be eligible for scholarships, students are required to meet the following requirements: enrolled at least half-time pursuing an associate degree, at least 22 years of age at the time of enrollment, and must have scored at level 1 or level 2 on the high school Michigan Education Assessment Program tests in reading, writing, mathematics, and science. The Michigan Higher Education Authority will administer the PASS Program.

Public Act 291 of 2000, authorizing FY 1999-2000 one-time supplemental appropriations, includes an additional \$8.7 million in discretionary funds for infrastructure, technology, equipment, or other maintenance needs.

Table 1
PUBLIC ACT 272 OF 2000
Operational Funding

<u>Colleges</u>	FY 1999-2000 Operations Appropriations	FY 2000-2001 Operations Appropriations	Dollar Increase
ALPENA	\$4,888,284	\$5,231,386	\$343,102
BAY DE NOC	\$4,632,634	\$5,034,112	\$401,478
DELTA	\$13,833,091	\$14,608,257	\$775,166
GLEN OAKS	\$2,202,658	\$2,434,150	\$231,492
GOGEBIC	\$4,133,732	\$4,315,860	\$182,128
GRAND RAPIDS	\$17,825,016	\$18,448,891	\$623,876
HENRY FORD	\$20,840,833	\$22,296,069	\$1,455,236
JACKSON	\$11,976,753	\$12,434,747	\$457,994
KALAMAZOO	\$11,379,143	\$12,554,684	\$1,175,541
KELLOGG	\$9,107,407	\$9,883,088	\$775,681
KIRTLAND	\$2,921,692	\$3,023,951	\$102,259
LAKE MICHIGAN	\$4,891,111	\$5,322,074	\$430,963
LANSING	\$29,830,816	\$31,686,670	\$1,855,854
MACOMB	\$32,525,228	\$33,986,564	\$1,461,336
MID-MICHIGAN	\$4,121,108	\$4,501,743	\$380,635
MONROE	\$4,008,744	\$4,378,640	\$369,896
MONTCALM	\$3,035,945	\$3,189,079	\$153,134
MOTT	\$15,239,321	\$16,053,265	\$813,944
MUSKEGON	\$8,672,227	\$9,143,771	\$471,544
NORTH CENTRAL	\$2,925,285	\$3,099,734	\$174,449
NORTHWESTERN	\$8,641,489	\$9,307,774	\$666,285
OAKLAND	\$20,747,107	\$21,473,255	\$726,148
ST. CLAIR	\$6,804,650	\$7,176,573	\$371,923
SCHOOLCRAFT	\$11,786,439	\$12,553,717	\$767,278
SOUTHWESTERN	\$6,028,283	\$6,705,122	\$676,839
WASHTENAW	\$11,563,090	\$12,642,980	\$1,079,890
WAYNE COUNTY	\$16,476,511	\$17,053,189	\$576,678
WEST SHORE	<u>\$2,236,399</u>	<u>\$2,347,140</u>	<u>\$110,741</u>
Total	\$293,274,995	\$310,886,485	\$17,611,489

NOTE: May not add to totals due to rounding.

MAJOR BUDGET CHANGES: FY 2000-01**Budget Issue****Change from FY 1999-2000****1. Base Operations Increase - 6%**

The FY 2000-01 Executive Budget proposed an estimated increase of \$8.7 million or 3% over FY 1999-2000. Public Act 272 of 2000 provides nearly \$17.6 million or a 6% increase when compared to FY 1999-2000: 3.5% distributed across-the-board and 2.5% distributed by the Gast-Mathieu Formula.

FTEs	0.0
Gross	\$17,611,489
GF/GP	\$17,611,489

2. At-Risk Student Success Program Increase - 3%

The Legislature increased at-risk funding to \$3.6 million or 3% when compared FY 1999-2000. Allocation for each college varied due to the number of at-risk students served.

FTEs	0.0
Gross	\$107,537
GF/GP	\$107,537

3. Postsecondary Access Student Scholarship Program - New Program

The Legislature appropriated \$10.0 million in restricted funds from the tobacco trust fund for a new scholarship program that would pay the difference between tuition and fee costs and all other scholarships and financial aid for degree-seeking part-time and full-time students enrolled at community colleges, state universities, and independent private colleges.

FTEs	0.0
Gross	\$10,000,000
GF/GP	\$0

4. Renaissance Zone Tax Reimbursement Program Increase - 18%

The Legislature increased Renaissance Zone grants to \$433,131 or 18% over FY 1999-2000. These funds will be used to reimburse colleges for property tax revenue losses incurred in FY 1999-2000 due to Renaissance Zone tax abatements. The Governor also vetoed \$50,000 (GF/GP) included in this line to encourage the colleges to collaborate with local tax increment financing authorities to assist the Department of Treasury in its property tax revenue loss data collection efforts.

FTEs	0.0
Gross	\$64,673
GF/GP	\$64,673

ECONOMICS: FY 2000-01

None

MAJOR BOILERPLATE CHANGES: FY 2000-01***The Michigan Postsecondary Access Student Scholarship (PASS) Program***

Section 404 added new language outlining eligibility requirements for the scholarship program.

VETOES: FY 2000-01***Data Collection Funds***

The Governor struck funds earmarked to encourage the colleges to work with local tax increment financing authorities to quantify the amount of property tax revenue foregone by the colleges.

Gross	\$50,000
GF/GP	\$50,000

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

Public Act 291 of 2000, authorizing FY 1999-2000 one-time supplemental appropriations, earmarks more than \$8.7 million (GF/GP) in discretionary funds to support infrastructure, technology, equipment, or other maintenance needs.

Gross	\$8,798,800
GF/GP	\$8,798,800

EDUCATION

PUBLIC ACT 263 OF 2000

Fiscal Analyst: Caven West

SB 966

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATION	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	463.6	463.3	(0.3)	(0.1)
GROSS	\$922,535,100	\$929,493,300	\$6,958,200	0.8
IDG/IDT	1,084,700	518,000	(566,700)	(52.2)
ADJUSTED GROSS	\$921,450,400	\$928,975,300	\$7,524,900	0.8
FEDERAL	863,126,600	873,591,700	10,465,100	1.2
LOCAL	6,394,300	6,515,000	120,700	1.9
PRIVATE	334,000	602,300	268,300	80.3
STATE RESTRICTED	14,904,600	13,587,600	(1,317,000)	(8.8)
GF/GP	\$36,690,900	\$34,678,700	(\$2,012,200)	(5.5)

NOTE: FY 1999-2000 year-to-date appropriation amount is adjusted for Executive Order 1999-12 totaling \$83.0 million and 85 FTEs; FY 2000-01 enacted appropriation amount excludes items totaling \$70,000 Gross which were vetoed by the Governor.

OVERVIEW - EDUCATION

Public Act 263 of 2000, the Fiscal Year (FY) 2000-01 Department of Education's budget, allocates nearly \$929.0 million (Adjusted Gross) to support educational programs. Of the \$928.9 million in appropriated revenue, 3.7% is GF/GP, 0.7% is Local, 0.1% is Private, 1.5% is Restricted, and 94% is from federal pass-through grants to local and intermediate school districts, community colleges, and various nonprofit organizations. This represents an overall net adjusted gross increase of \$7.5 million or 0.8% when compared to FY 1999-2000. These figures exclude funds transferred out by Executive Order (EO) 1999-12.

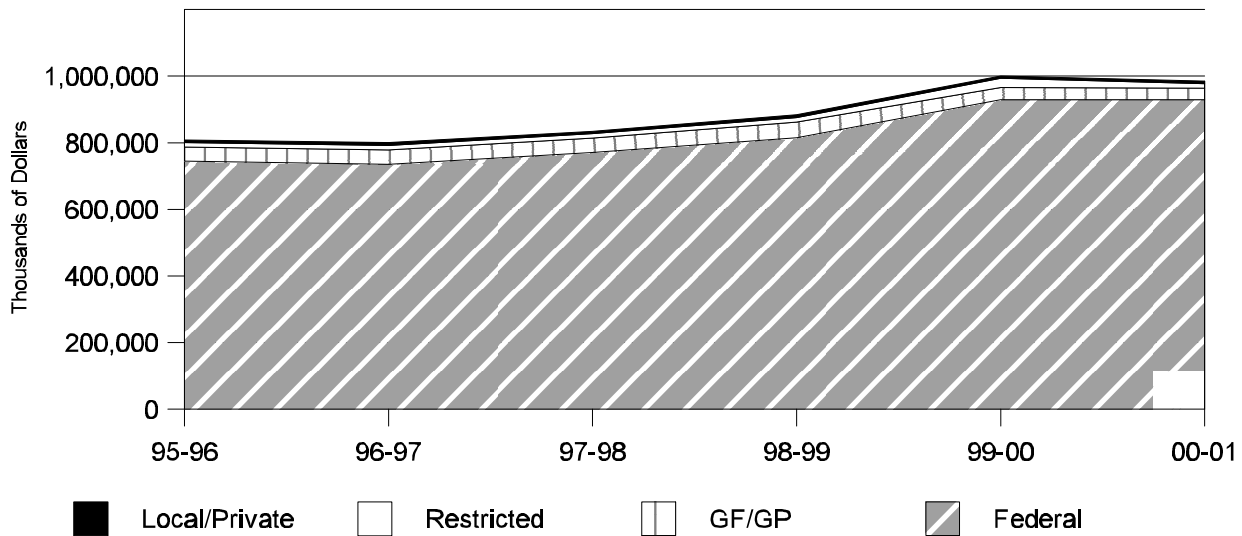
Article V, Section 2 of the Executive Reorganization Act (1965 PA 380) authorizes the Governor to reorganize the organizational structure of the Department of Education. As a result, the Governor transferred the statutory authority, powers, duties, functions, records, personnel, and appropriations for the Career and Technical Education Program, the Postsecondary Services Section, the Job Training Partnership Act Program, and the Adult Basic Education Program to the Department of Career Development. The Michigan Educational Assessment High School Test Program was also transferred to the Department of Treasury's Michigan Merit Award Board. The gross effects of EO 1999-12 are as follows: \$68.2 million and 64 FTEs to the Department of Career Development and \$14.6 million and 21 FTEs to the Department of Treasury for a total of about \$83.0 million (Gross) and 85 FTEs, of which \$3.0 million is GF/GP revenue.

The Executive Budget for FY 2000-01 proposed an estimated \$924.0 million (Adjusted Gross) to support the Department. Major funding adjustments are as follows: added \$350,000 (Private) to evaluate the effectiveness of the Reading Plan for Michigan Program, removed \$324,000 (GF/GP) in one-time funds appropriated in FY 1999-2000 to develop the single records student database component of the Michigan Educational Information System data warehouse, removed \$237,500 (GF/GP) in one-time funds authorized in FY 1999-2000 to conduct a study of how higher education institutions prepare students for the teaching profession, transferred \$2.6 million (GF/GP) to the School Aid Fund to consolidate appropriations for the school lunch program in one budget, and allocated \$300,000 (GF/GP) for technology to consolidate multiple school improvement plans; this is required by numerous state and the federal programs. These adjustments are incorporated in FY 2000-01; however, the \$300,000 (GF/GP) allocated to combine various school improvement plans was reduced by \$50,000 to align GF/GP revenue with amounts established by Legislative leadership for the Department.

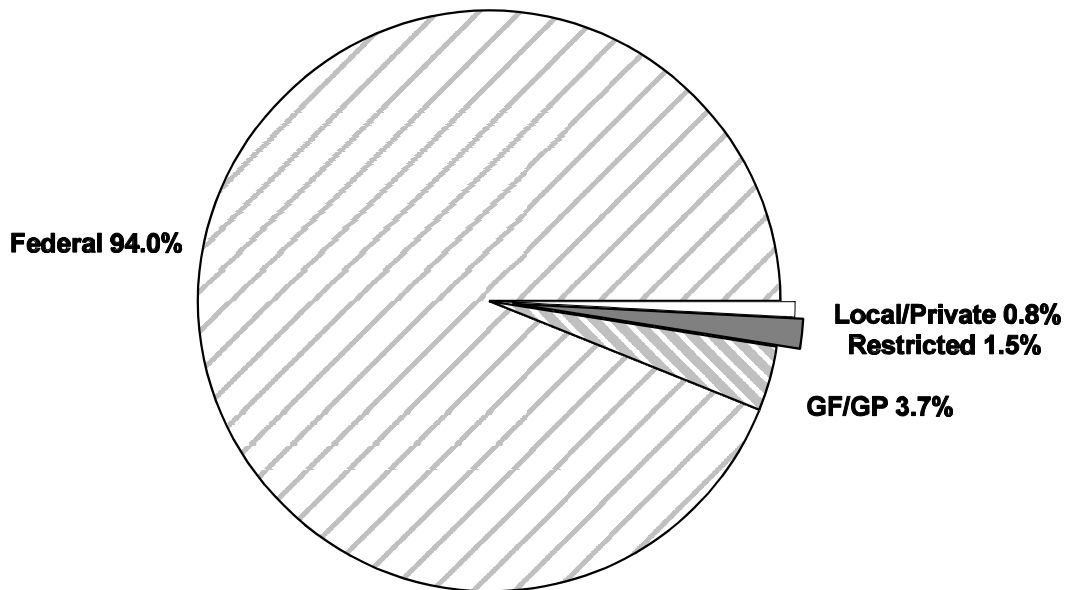
In addition to the former amounts, the Legislature added \$817,000 (GF/GP) which increases the per pupil amount from \$3,100 to \$3,300 for the early childhood competitive school readiness program; \$400,000 (GF/GP) to fund new or existing programs intended to improve school safety and to encourage parental and community involvement in schools; \$560,000 (GF/GP) to promote reforms in the areas of curriculum development, civic education, alternative education, special education, and math and science education; and \$250,000 (GF/GP) in grant funds for higher education institutions to establish or enhance existing autism teacher certification programs.

In addition, 2000 PA 291, the FY 1999-2000 supplemental appropriation bill, includes \$3.7 million (Gross): \$240,000 (Restricted) to evaluate the quality of education received by math and science teachers, \$2.25 million (Gross) to purchase and distribute additional READY Kits, \$220,000 (GF/GP) to encourage students to participate in the National Educational Assessment Progress tests, \$40,000 (federal) for the Troops to Teachers Program, and \$950,000 (federal) for services to refugees.

Michigan Department of Education Six-Year Appropriation Trend



Michigan Department of Education FY 2000-01 Adjusted Gross Revenue Sources



MAJOR BUDGET CHANGES: FY 2000-01

<u>Budget Issue</u>	<u>Change from FY 1999-2000</u>	
1. Innovative Program Demonstration Grants	FTEs	0.0
These grants would fund new or existing programs to improve school safety and to encourage parental and community involvement in schools. Local school districts are eligible for one-half of the funding appropriated in FY 2000-01 and one-half for FY 2001-02.	Gross	\$400,000
	GF/GP	\$400,000
2. Innovative Curriculum Development Grants	FTEs	0.0
Competitive grants to local school districts and not-for-profit organizations to develop new educational models that would promote systemic reforms in the areas of curriculum development, civic education, special education, alternative education, teacher education, math and science education, and other innovative educational programs. Grant funds will be matched with revenues from federal, private, and local sources.	Gross	\$560,000
	GF/GP	\$560,000
3. Funding Increase - Competitive School Readiness Program	FTEs	0.0
The School Readiness Program provides quality early childhood education to At-risk children who are at least four years of age. The FY 2000-01 budget includes an additional \$817,000 (GF/GP) for a total of approximately \$12.9 million (Gross) which increases the per pupil reimbursement amount to nonprofit organizations from \$3,100 to \$3,300 for each child.	Gross	\$817,000
	GF/GP	\$817,000
4. Autism Teacher Certification Grant	FTEs	0.0
The Legislature earmarks grant funds for Grand Valley State University to establish an autism teacher certification program. Currently, only one university offers teacher certification for students opting to work with autistic students. In the signature budget letter, the Governor instructed the Department to work not only with Grand Valley State University, but with all universities interested in establishing or enhancing their autism teacher certification program.	Gross	\$250,000
	GF/GP	\$250,000
5. School Improvement Plan Consolidation	FTEs	0.0
The FY 2000-01 budget set-aside funds to assist local schools in consolidating multiple school improvement plans required by the state and the federal government.	Gross	\$250,000
	GF/GP	\$250,000
6. Funding Increase - National Board Certification Program	FTEs	0.0
In FY 1999-2000, the Legislature appropriated \$20,000 (GF/GP) to pay one-half of the fee for 20 teachers to become Board certified; the remaining one-half is paid for by federal funds from the National Board for Professional Teaching Standards. For FY 2000-01, the Legislature allocated an additional \$30,000 to accommodate an increase in the state share and to address an anticipated increase in the number of teachers applying to become certified. The revenue source (\$50,000) for this program was shifted from the general fund to restricted revenues from certification fees paid by current and prospective teachers.	Gross	\$30,000
	GF/GP	\$0

Education

ECONOMICS: FY 2000-01

The budget provides \$1.5 million gross for economic increases associated with salaries and wages, insurances, retirement, motor vehicle usage, worker's compensation, and other general administrative costs.

Gross	\$1,528,000
GF/GP	\$555,700

MAJOR BOILERPLATE CHANGES: FY 2000-01

Sec. 214 (d) and (e). Office for Safe Schools

The Legislature includes new language requiring the Department to provide, via the internet, the state model policy on locker searches and the state model policy on firearm safety. New language is also included which instructs the Department to collaborate with the Department of State Police in their efforts to implement a toll-free school violence hotline.

VETOES: FY 2000-01

1. Funds to Hire a Certified School Nurse

The Governor vetoed \$20,000 (GF/GP) to fund 1/3 of an FTE for a certified school nurse position. The Governor stated that the Superintendent for Public Instruction needs flexibility in setting the priorities for the Department of Education.

FTEs	0.0
Gross	\$20,000
GF/GP	\$20,000

2. Excess Authorization for the Office for Safe Schools

The Governor also struck \$50,000 in restricted revenues from teacher certification fees for the Office of Safe Schools stating that this earmarking was not a statutorily allowable use of these restricted funds.

FTEs	0.0
Gross	\$50,000
GF/GP	\$0

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. Read, Educate and Develop Youth (READY) Kits

This program provides materials designed to encourage families to interact with their children during the first five years of life in ways that will help them develop the cognitive pre-reading skills necessary to succeed in school. The appropriation contained in enrolled Senate Bill 968 allocates \$2.25 million (Gross) to purchase and distribute reading kits to families state-wide.

FTEs	0.0
Gross	\$2,250,000
GF/GP	\$1,750,000

2. National Assessment of Education Progress (NAEP)

The NAEP biannually tests students nationally in grades four and eight in reading, writing, science, and mathematics. Approximately \$1,100 would be awarded to local school districts/students to encourage participation in the tests.

FTEs	0.0
Gross	\$220,000
GF/GP	\$220,000

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000**3. Math and Science Teacher Preparation Study**

In 1999 PA 113, the Department of Education Budget appropriated \$237,500 (GF/GP) for a study to assess the satisfaction of employing school districts and new teachers with the preparation they received prior to teaching. An additional \$240,000 (Restricted) from teacher certification fees was approved to evaluate, in more depth, the quality of education received by math and science teachers.

FTEs	0.0
Gross	\$240,000
GF/GP	\$0

4. Refugee Services School Impact Grant

This grant would fund services such as school entry preparation, health screening, additional English language instruction, and other support services for refugees.

FTEs	0.0
Gross	\$950,000
GF/GP	\$0

5. Troops-to-Teachers Program

These funds would be used to assist unemployed military personnel with locating employment in public education.

FTEs	0.0
Gross	\$40,000
GF/GP	\$0

HIGHER EDUCATION

PUBLIC ACT (*not assigned yet*) OF 2000

Analyst: Hank Prince

SB 967

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	1.0	1.0	0.0	0.0
GROSS	\$1,785,959,308	\$1,905,000,608	119,041,300	6.7
IDG/IDT	0	0	0	0.0
ADJUSTED GROSS	\$1,785,959,308	\$1,905,000,608	\$119,041,300	6.7
FEDERAL	3,900,000	3,900,000	0	0.0
LOCAL	0	0	0	0.0
PRIVATE	0	0	0	0.0
STATE RESTRICTED	102,750,000	115,250,000	12,500,000	12.2
GF/GP	\$1,679,309,308	\$1,785,850,608	\$106,541,300	6.3

NOTES:

The FY1999-2000 Year-to-Date Appropriations column includes supplemental monies for the Michigan Merit Award program appropriated in June 2000.

The amounts shown in this section are those in the Higher Education budget Conference Report signed June 23, 2000. As of the publication date for this report, the Higher Education budget awaits final Senate and House approval and the Governor's signature.

OVERVIEW - HIGHER EDUCATION

The Executive Budget for higher education proposed continuation of three important FY 1999-2000 initiatives. First, it applied the FY 1999-2000 floor-funding targets to allocate funds to nine state universities. Second, it retained tuition restraint adjustments to the FY 2001-02 operational base funding of state universities that do not hold resident undergraduate tuition increases to 3% or less for the 2000-01 academic year. Third, it increased funding for the Michigan Merit Awards to high school students who pass the MEAP high school proficiency test.

The Senate and the House adopted higher education budgets in excess of \$1.9 billion, and legislative leaders set the higher education budget target at slightly more than \$1.9 billion (\$1.78 billion in GF/GP monies). While the executive branch had proposed increases for state university operating appropriations in a range of 2.5% to 3.9%, the Legislature approved increases in a range of 5% to 10%. Language was retained that sorts the fifteen state universities into five "groupings" with varied funding levels per Fiscal Year Equated Students (FYES). Tuition restraint language was modified by the Legislature from that proposed by the Executive office. Instead of a 3.0% limit on resident undergraduate tuition increases, the permissible limit was increased to 4.0% before a state university's base for calculating the subsequent fiscal year's appropriation would be reduced.

Support for financial aid programs was generally increased by 4.75%. Exceptions were funding for the Tuition Grant Program, which received an adjustment increase of \$1.17 million before application of a 4.75% increase; and the General Degree Graduate reimbursement grant, which first received an adjustment decrease of \$1.17 million before application of the 4.75% increase. These adjustments fulfilled legislative intent as specified in Section 304 of the FY 1999-2000 Higher Education appropriations act.

The Michigan Merit Award line item received a \$12.5 million increase (after consideration of a \$11.2 million FY 1999-2000 supplemental) to fund anticipated additional Merit Award recipients.

State-wide programs received a 5.0% increase. In addition, Project GREEN, a research endeavor linked to the Agricultural Experiment Station and the Cooperative Extension Service, was transferred from the Agriculture budget to the Higher Education budget at its current funding level of \$6.1 million.

It is important to note that the amounts shown in this report are those in the Higher Education budget Conference Report signed June 23, 2000. As of the publication date for this report, the Higher Education budget awaits final Senate and House approval and the Governor's signature.

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue	Change from FY 1999-2000	
1. University Operations Base Increase	FTEs	0.0
The Executive Budget proposed to allocate \$45.0 million to provide funding-floor adjustments and across-the-board increases for the 15 state universities. The Higher Education budget Conference Report signed June 23, 2000, retained the concept of funding floors for the current "groupings" of universities and allocated \$91.8 million for base increases, which were derivative of "funding floor" allocations, an across-the-board increase of 5%, and programmatic and other adjustments.	Gross	\$91,769,529
	GF/GP	\$91,769,529
2. Agriculture Experiment Station (AES) and Cooperative Extension Service (CES)	FTEs	0.0
Michigan State University operates these two state-wide programs. Fiscal Year 1999-2000 funding for the AES was \$31.5 million and for the CES \$27.1 million. The Governor proposed a 3% increase for each program. The Higher Education budget Conference Report signed June 23, 2000, included a 5% increase as well as transfer of Project GREEN's \$6.1 million from the Agriculture budget.	Gross	\$9,029,486
	GF/GP	\$9,029,486
3. State Student Financial Aid Programs and State Support for Independent Colleges	FTEs	0.0
For FY 1999-2000, there was appropriated \$126.4 million in General Funds for student financial aid programs and support for independent colleges and universities. While the Governor had proposed an overall increase of 2.8% in the General Fund portion of these programs, the Legislature adopted an increase of 4.75%.	Gross	\$5,570,963
	GF/GP	\$5,570,963
The Executive proposal adjusted the Tuition Grant and General Degree Graduate reimbursement allocations for independent colleges and universities to comply with legislative intent embedded in Section 304 of the FY 1999-2000 Higher Education appropriations act. The net effect of these adjustments was \$0.		
4. King-Chavez-Parks Programs	FTEs	0.0
The Governor had proposed to increase funding for these state-wide programs by 3% to \$2.89 million. The Legislature increased funding by 5%. Administration of these programs has been transferred to the Department of Career Development.	Gross	\$140,345
	GF/GP	\$140,345
5. Michigan Merit Awards	FTEs	0.0
The Governor originally proposed to increase funding for the Michigan Merit Awards by \$13.7 million to support an estimated 5,500 additional recipients. Since the number of calendar 2000 award recipients exceeded the original projection, the Legislature added an additional \$23.7 million to support these awards. Total funding for FY 2000-01 would be \$110 million.	Gross	\$12,500,000
	Restricted	\$12,500,000
	GF/GP	\$0

MAJOR BOILERPLATE CHANGES: FY 2000-01

1. Tuition Grant Award Eligibility

Section 302 inserted new language to permit students enrolled in the Kendall College of Art and Design of Ferris State University to be eligible for independent-college tuition grant awards for FY 2000-01 and FY 2001-02.

2. Audits of Independent College and University Enrollments and Degrees

Section 307 made audits by the Auditor General permissive rather than mandatory.

3. Adjustment of a State University's Base for FY 2001-02 Calculations

Section 403 revised current-law language regarding base adjustments for FY 2001-02 for public universities to permit a 4.0% increase in resident undergraduate tuition increase for the 2000-01 academic year before a base adjustment occurs.

4. Appropriations/Tuition Ratio Intent Language

Section 410 added language to express the Legislature's intent to achieve, over time, a two-to-one ratio in state appropriations to tuition revenue.

5. Project GREEN

In Section 433, the Legislature transferred Project GREEN and its \$6.1 million funding from the Agriculture budget to the Higher Education budget. This section specifies the distribution of Project GREEN funds between the Agricultural Experiment Station and the Cooperative Extension Service.

6. Student Performance Reporting

Section 601 involves a feedback process from state universities to high schools regarding the academic performance of high school graduates. The Legislature added a reporting requirement relative to the use of information provided in the feedback process.

7. Report on Merit- and Need-based Institutional Financial Aid

In Section 710, the Legislature added a requirement that state universities report their need-based and merit-based aid provided to students during the previous five academic years.

VETOES: FY 2000-01

Unknown at time of report

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. Supplemental for State Universities

The Governor proposed an amount equal to about 2% of a state university's FY 1999-2000 base operations funding as supplemental funding for infrastructure, technology, equipment, and maintenance (ITEM) due to increased state revenues. The Legislature appropriated \$44.9 million (3% of base funding) for the state universities for this purpose.

FTEs	0.0
Gross	\$44,989,800
GF/GP	\$44,989,800

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

2. General Degree Graduate Reimbursement Supplemental

The Executive Budget proposed a supplemental equal to slightly more than 20.9% of the FY 1999-2000 appropriation for this grant program that provides funding for independent colleges and universities based on degrees awarded. The Legislature appropriated \$2.2 million for infrastructure, technology, equipment, and maintenance (ITEM) for independent colleges and universities. The funds will be disbursed on the basis of general degree allocations in the FY1999-2000 budget.

FTEs	0.0
Gross	\$2,213,000
GF/GP	\$2,213,000

3. Michigan Merit Awards

The Legislature appropriated an additional \$11.2 million in Michigan Merit Award Trust Fund monies to support a larger-than-expected number of Merit Award recipients.

FTEs	0.0
Gross	\$11,200,000
GF/GP	\$0

SCHOOL AID/K-12

Analysts: Mary Ann Cleary and Laurie Cummings

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	0.0	0.0	\$0.00	0.0
GROSS	\$10,200,829,300	\$10,932,335,000	\$731,505,700	7.2
IDG/IDT	0	0	0	0.0
ADJUSTED GROSS	\$10,200,829,300	\$10,932,335,000	\$731,505,700	7.2
FEDERAL	125,000,000	145,000,000	20,000,000	16.0
LOCAL	0	0	0	0.0
PRIVATE	0	0	0	0.0
STATE RESTRICTED	9,655,215,800	10,401,721,500	746,505,700	7.7
GF/GP	\$420,613,500	\$385,613,500	(\$35,000,000)	(8.3)

NOTES:

FY 1999-2000 year-to-date appropriations include enacted supplemental appropriations of \$90.0 million.

FY 2000-2001 year-to-date appropriations include enacted supplemental appropriations of \$366.1 million.

OVERVIEW - SCHOOL AID/K-12

In February 2000, Governor Engler introduced a bill for supplemental appropriations (2000 PA 291) to the previously enacted FY 1999-2000 and FY 2000-01 budgets. The enacted supplemental contains most of the initiatives proposed by the Governor in his State of the State address, as well as additional funding and programs initiated by the Legislature. It also reflects lower-than-expected pupil counts, and includes reimbursements for revisions to the personal property tax tables. The supplemental appropriates funds for the FY 2001-02 and FY 2002-03 School Aid budgets for the first time.

The total enacted School Aid funding in FY 1999-2000 is \$10.2 billion, a 7.1% increase over the previous fiscal year. FY 2000-01 School Aid funding is \$10.9 billion, or 7.2% higher than FY 1999-2000.

Public Act 291 of 2000 also increases the FY 1999-2000 basic foundation allowance by \$4, to \$5,700 from \$5,696, and brings all districts up to the basic foundation allowance level for the first time. It raises the FY 2000-01 foundation allowance from \$5,700 to \$6,000, a 5.3% increase over the FY 1999-2000 level.

Among the several new programs for FY 1999-2000 and FY 2000-01, there is a one-time \$110.0 million appropriation for teacher technology, \$67.5 million in new funding for early-intervention reading programs, a new \$50.0 million School Aid Reserve Account to make short-term loans to school districts, \$34.0 million annually for infrastructure, and a \$15.0 million grant for Detroit Public Schools.

In addition to supplementary appropriations for FY 1999-2000 and FY 2000-01, 2000 PA 291 broadens the schools of choice program to include any district located in an intermediate school district neighboring a student's resident intermediate school district. It also requires districts to offer 51 additional instructional hours in FY 2000-01 over the current year, but allows districts to opt to use them for staff professional development.

Two other issues gained considerable attention during the budget debate. First, the GF/GP contribution to the School Aid budget was reduced from \$420.6 million in FY 1999-2000 to \$385.6 million in FY 2000-01. The supplemental sets the FY 2001-02 GF/GP appropriation at \$205.6 million, \$215.6 million less than in the prior year; in FY 2002-03, it restores the GF/GP contribution to \$420.6 million.

Second, the supplemental reflects the state's response to the court's ruling in the "Durant II" case. While the court found that Michigan's current method of K-12 school funding violated certain legal requirements, it did not specify what action the state should take in order to end the violation. Therefore, in response to the court's ruling, the supplemental creates a new Proposal A obligation payment, Headlee obligation payment, and Discretionary payment to explicitly show how State Aid payments comply with legal requirements.

The supplemental also created FY 2001-02 and FY 2002-03 budgets for K-12 funding. The total appropriation is \$11.6 billion for FY 2001-02 (a 5.6% increase over the previous fiscal year) and is \$11.9 billion for FY 2002-03 (a 3.1% increase over the previous fiscal year.) The supplemental sets the FY 2001-02 basic foundation allowance at \$6,300, and makes an equity payment of up to \$200 to districts that are below \$6,500, effectively bringing the basic foundation allowance to \$6,500. The supplemental also sets the FY 2002-03 foundation allowance at \$6,700. Most new programs are continued in the FY 2001-02 and FY 2002-03 budgets.

SUPPLEMENTAL APPROPRIATIONS: FY 2000-2001**Budget Issue****Change from Current Law****1. Foundation Allowance Increase (Section 20)**

Provides total increase in the basic foundation allowance of \$300 per pupil from FY 1999-2000. This is an increase of \$134 from current law. The new enacted per pupil basic foundation allowance equals \$6,000. The estimated additional cost is \$212.0 million.

FTEs	0.0
Gross	\$212,000,000
GF/GP	\$0

2. Foundation Allowance Pupil and Taxable Value Adjustments

The May consensus revenue estimating conference agreement reduced the pupil membership estimate for FY 2000-01 by 9,100, resulting in a savings of \$56.0 million. Taxable value estimates and personal property tax depreciation tables were revised, also resulting in savings to this section.

FTEs	0.0
Gross	(\$90,932,000)
GF/GP	\$0

3. School Aid Reserve Account

Creates a school aid reserve account to allow cash-flow borrowing by districts. To qualify for funding, a district must have a negative cash flow as of June 30 of the prior fiscal year. A district can receive up to 20% of its July payroll.

FTEs	0.0
Gross	\$50,000,000
GF/GP	\$0

4. Infrastructure and School Construction Interest Payments

Appropriates \$34.0 million each year to eligible school districts for grants described in Section 10b of enrolled HB 5833. Appropriates \$18.0 million for payments to qualified school districts for interest otherwise payable on loans made as described in Section 10c of enrolled HB 5833.

FTEs	0.0
Gross	\$52,000,000
GF/GP	\$0

5. At-Risk Funding (Section 31a)

Provides additional funding of \$25.2 million to avoid an estimated \$45 proration. Funding for this program is targeted to students who qualify for federal free lunch.

FTEs	0.0
Gross	\$25,223,300
GF/GP	\$0

6. School Readiness Program (Section 36)

Specifies a \$17.6 million expansion of a school readiness program to support an increase in enrollment of 4,000 four-year-olds and an increase in the per pupil grant from \$3,100 to \$3,300. The grant portion of the program was increased by \$15.0 million to allow for full-day programs.

FTEs	0.0
Gross	\$32,600,000
GF/GP	\$0

7. School Lunch (Section 31d)

Consolidates mandated school lunch funding by transferring funds from the Department of Education budget (\$2.6 million) and adding new funding for the school lunch earmark in the at-risk program (\$4.8 million).

FTEs	0.0
Gross	\$7,368,700
GF/GP	\$0

8. Elementary Summer School Program

Provides summer school for children in grades 1-4 who have achieved less than satisfactory results on an approved standardized test in math and reading.

FTEs	0.0
Gross	\$38,000,000
GF/GP	\$0

9. Parents as Teachers Program

Grants to districts and ISDs for programs to assist parents with children aged birth to 5 in improving their parenting skills.

FTEs	0.0
Gross	\$45,250,000
GF/GP	\$250,000

SUPPLEMENTAL APPROPRIATIONS: FY 2000-2001**10. Reading Programs**

Districts may apply for one or more of the following:

- a) \$50.0 million competitive grant to districts with at least 1,500 students and at least 5% of the pupils identified as learning disabled.
- b) \$15.0 million for grants to districts with special education pupils totaling 10% or more of the district's total 1998-99 membership.
- c) \$5.0 million for grants to ISDs to train teachers in the use of the Michigan Literacy Progress Profile.
- d) \$2.5 million for grants to higher education institutions for centers to help autism-impaired children.
- e) \$2.5 million for READY kits.
- f) \$250,000 for the Department of Education for administration of these programs.

FTEs	0.0
Gross	\$75,250,000
GF/GP	\$0

11. Small Class Size Programs

Total appropriation of \$29.8 million, an increase of \$10.0 million, to allow additional districts to qualify for small class size grants.

FTEs	0.0
Gross	\$10,000,000
GF/GP	\$0

12. State Takeover Grants

For FY 2000-01 only, a per pupil grant to any district taken over or whose board was reconstituted by the state.

FTEs	0.0
Gross	\$15,000,000
GF/GP	\$0

13. Michigan Virtual High School

Funding in the first year of this program set at \$15.0 million for equipment, teacher training, and expanded curriculum. Michigan State Virtual University will provide direction and training to districts.

FTEs	0.0
Gross	\$15,000,000
GF/GP	\$0

14. Golden Apple MEAP Incentive Program

Makes awards of not less than \$50,000 to the personnel of elementary schools with high or improving MEAP test scores. All funding is for school improvements as determined by the personnel in the elementary school building. Elementary buildings qualifying are those with the highest MEAP test scores or those which show the most improvement in test scores.

FTEs	0.0
Gross	\$8,000,000
GF/GP	\$0

15. Adult Learning Program

Creates an Adult Learning program to be administered by the Department of Career Development. Total appropriation is \$20.0 million. Funds will be awarded by local workforce development boards. First-year payment will be dispersed 50% on enrollment and 50% on performance. Second-year payment will be dispersed 100% on performance.

FTEs	0.0
Gross	\$20,000,000
GF/GP	\$0

16. Database for Educational Performance and Information

New initiative in which the state will partner with Standard & Poor's to look at and evaluate school data collection at the state and school district levels.

FTEs	0.0
Gross	\$2,160,000
GF/GP	\$0

17. Professional Development

Appropriates \$10.0 million to districts and ISDs for a teacher professional development training program that is not scheduled during pupil instruction time. The funding will reimburse for the full per diem compensation paid to participants of the program.

FTEs	0.0
Gross	\$10,000,000
GF/GP	\$0

SUPPLEMENTAL APPROPRIATIONS: FY 2000-2001**18. Accreditation Assistance**

Appropriates an additional \$1.5 million for Michigan Department of Education technical assistance to districts for accreditation purposes.

FTEs	0.0
Gross	\$1,500,000
GF/GP	\$0

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000**Budget Issue****Change from Current Law****1. Foundation Allowance**

Increase in the basic foundation allowance of \$4 per pupil. The recommended basic foundation allowance equals \$5,700. The estimated additional cost is \$6.8 million. All districts will be at the basic foundation allowance level.

FTEs	0.0
Gross	\$6,800,000
GF/GP	\$0

2. Special Education

Final FY 1998-99 special education cost data is now available which is lower than the original estimates, resulting in \$11.1 savings in special education appropriations.

FTEs	0.0
Gross	(\$11,092,100)
GF/GP	\$0

3. Teacher Technology Initiative

One-time appropriation of \$110.0 million to provide computers and training for every teacher who completes the technology training program. This funding can be carried forward to the next fiscal year.

FTEs	0.0
Gross	\$110,000,000
GF/GP	\$0

4. Golden Apple MEAP Incentive Program

Makes awards of not less than \$50,000 to the personnel of elementary schools with high or improving MEAP test scores. All funding is for school improvements as determined by the personnel in the elementary school building. Elementary buildings qualifying are those with the highest MEAP test scores or those which show the most improvement in test scores.

FTEs	0.0
Gross	\$8,000,000
GF/GP	\$0

5. Michigan FIA Summer Enrichment Program

One-time funding to be used in collaboration with the Family Independence Agency on a summer family enrichment project.

FTEs	0.0
Gross	\$10,000,000
GF/GP	\$0

6. Database for Educational Performance and Information

New initiative recommended first-year funding of \$10.0 million and ongoing funding of \$2.2 million. The state will partner with Standard & Poor's to look at and evaluate school data collection at the state and district level.

FTEs	0.0
Gross	\$10,000,000
GF/GP	\$0

ECONOMICS: FY 2000-01**Retirement**

For FY 1999-2000, the annual percentage contribution rate was increased from 11.12% of payroll to 11.66% and for FY 2000-01 to 12.16% for the Public School Employment Retirement System.

MAJOR BOILERPLATE CHANGES: FY 2000-01

1. Funding Shifts in Sections 20, 22A, 22B, 51A and 51C

- a) Starting in FY 2000-01, the foundation allowance provisions under Sections 20 and 51a are for calculation purposes only.
- b) Creates a Proposal A obligation payment under section 22a.
- c) Creates a Headlee obligation payment under section 51c.
- d) Creates a discretionary payment under section 22b.

2. Pupil Membership Definition

In FY 2000-01, the pupil membership definition for districts less than 1,550 is either 80% of the current September pupil count plus 20% of the prior February supplemental pupil count or the average of the three most recent membership counts, whichever is larger.

3. Days/Hours Requirement

Requires school districts to provide 1,098 hours of pupil instruction in FY 2000-01 (the number of hours prescribed in current law), but eliminates growth in the number of hours required after 2001. Also allows a school district to use up to 51 hours for professional development; if a school district chooses this option, it would not be eligible for funding under section 95 (Professional Development).

4. Schools of Choice

The enacted legislation allows schools of choice beyond intermediate school district (ISD) lines to school districts with shared ISD boundaries.

VETOES: FY 2000-01

1. Three-Year Average Membership for Districts with Less than 1,550 Pupils

The Governor vetoed this section, which would have increased the pupil membership of districts with fewer than 1,550 pupils and declining enrollments.

Veto: FYs 2000-02 and 2002-03 only — estimated \$20.0 million annually

2. School Aid Reserve Account

The Governor vetoed this section, which would have provided funds to allow cash-flow borrowing by districts.

Veto: FYs 1999-2000, 2000-01, 2001-02, and 2000-03 — Total of \$50.0 million

3. School Construction Interest Payment

The Governor vetoed this section, which would have provided \$18.0 million annually for grants to reduce the interest paid on school construction loans. Eligible districts would have been districts in the bottom one-third of taxable value per pupil in Michigan.

Veto: FYs 2000-01, 2001-02, and 2002-03 — \$18.0 million annually

4. Grants to Districts with High Local Revenue

The Governor vetoed this section, which would grant \$1.1 million to districts with 100 or fewer pupils and 80% or more of their total state and local revenue derived from local sources.

Veto: FYs 2001-02 and 2002-03 only — \$1.05 million annually

5. Court-Placed Students (Grant for L'Anse Creuse)

The Governor vetoed this section which allows a district or ISD that runs an on-grounds program more than 181 days but less than 233 days to receive funding.

Veto: FYs 2000-01, 2001-02, and 2002-03 — \$100,000 annually

VETOES: FY 2000-01**6. Grants to Districts with High Special Education Memberships**

The Governor vetoed grants to districts with special education membership totaling 10% or more of the district's total 1998-99 membership.

Veto: FYs 2000-01, 2001-02, and 2002-03 — \$15 million annually

7. Grants to Universities to Develop Autism Programs

The Governor vetoed \$2.5 million for grants to institutions of higher education to develop or enhance programs to meet the needs of autism-impaired pupils.

Veto: FYs 2001-02 and 2002-03 only — \$2.5 million annually

REVENUE INCREASES: FY 2000-01

None

APPROPRIATIONS: FY 2001-02**1. Foundation Allowance Increase**

Section 20 sets an increase in the basic foundation allowance of \$300 per pupil or 5.0%. The new basic foundation allowance equals \$6,300. The estimated additional cost is \$411.0 million.

FTEs	0.0
Gross	\$411,000,000
GF/GP	\$0

2. Equity Payment

Section 22C requires a per pupil payment to districts and public school academies with a foundation allowance below \$6,500, in an amount to move their per pupil foundation to \$6,500. The maximum increase is \$200 per pupil. The estimated additional cost is \$129.0 million.

FTEs	0.0
Gross	\$129,000,000
GF/GP	\$0

APPROPRIATIONS: FY 2002-03**Foundation Allowance Increase (Section 20)**

Recommended an increase in the basic foundation allowance of \$200 per pupil or 3.1%. The new basic foundation allowance is \$6,700 per pupil. The estimated additional cost is \$266.0 million.

FTEs	0.0
Gross	\$266,000,000
GF/GP	\$0

FY 2000-01 Budget Detail for GENERAL GOVERNMENT

**Attorney General
Civil Rights
Civil Service
Executive
Legislative Auditor General
Legislature
Library
Management and Budget
State
Treasury-Operations
Lottery
Treasury-Revenue Sharing/Debt Service**

ATTORNEY GENERAL

PUBLIC ACT 276 OF 2000

Analyst: Robin R. Risko

HB 5278

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	575.0	601.0	26.0	4.5
GROSS	\$56,464,200	\$61,393,500	\$4,929,300	8.7
IDG/IDT	8,686,800	9,473,700	786,900	9.1
ADJUSTED GROSS	\$47,777,400	\$51,919,800	\$4,142,400	8.7
FEDERAL	7,183,300	7,124,800	(58,500)	(0.8)
LOCAL	0	0	0	0.0
PRIVATE	1,106,800	1,149,200	42,400	3.8
STATE RESTRICTED	7,408,500	8,374,800	966,300	13.0
GF/GP	\$32,078,800	\$35,271,000	\$3,192,200	10.0

OVERVIEW - ATTORNEY GENERAL

The Attorney General is an elected constitutional officer and serves as the chief law enforcement officer of the state. The Attorney General's powers are prescribed in the State Constitution, statute, and court decisions. Serving as the legal counsel for state departments, agencies, boards, commissions, and their officers, the Attorney General defends the state in court and brings actions and intervenes in cases on the state's behalf. In addition to defending state agencies, the Attorney General represents legislators and judges who may be sued while acting in their official capacity. Also, the Attorney General has supervisory powers over local prosecuting attorneys.

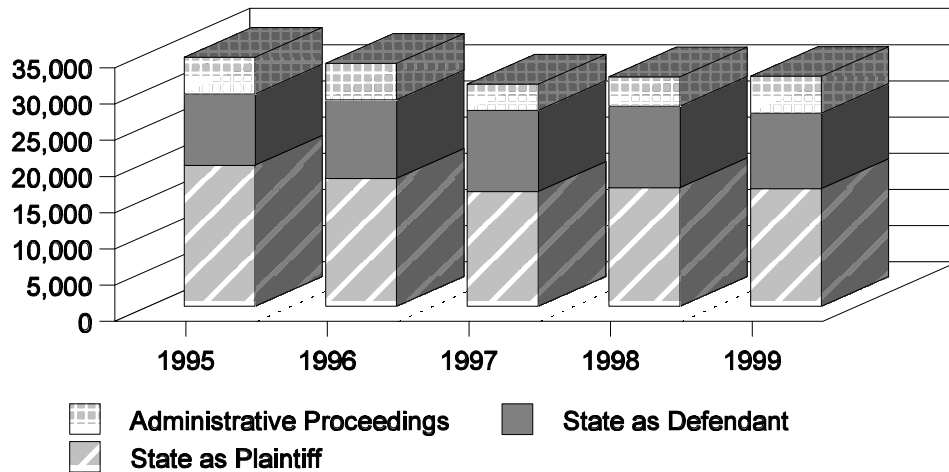
The Department of Attorney General has 39 legal and three administrative divisions. In general, each legal division practices in specialized legal areas. Unlike other state agencies, the Department of Attorney General does not operate or initiate programs, and thus the basic mission and goals of the Department do not change from one year to the next. The mission is to protect the common legal rights of the citizens of the state, defend the Constitution and the laws of the state, and represent the legal interests of the government. The Department's goals are to make the state a safe place for its citizens, offer justice to the victims of crime, defend common natural resources and monetary assets of the state, and deliver excellent legal services at a minimum cost to taxpayers.

The Department houses the Prosecuting Attorneys Coordinating Council (PACC), an autonomous (Type I) agency that provides services to prosecutors, their assistants, and other staff. These services include providing continuing professional education, publishing legal documents, providing manuals and other written materials on topics of criminal prosecution and practice, providing updates on changes in legislation and court practices, providing legal research assistance, administering grant-funded services, coordinating office automation efforts, and coordinating state-wide prosecution activities.

Public Act 276 of 2000 provides \$61.4 million in Gross appropriations and \$35.3 million in GF/GP appropriations for the Department of Attorney General. This reflects an increase in the Gross appropriation of \$4.9 million, or 8.7%, with an accompanying GF/GP appropriation increase of \$3.2 million or 10.0%, over the current-year appropriated levels.

The FY 2000-01 budget contains additional funding and FTE position authorization in the Agriculture, Children and Youth Services, Criminal, Health Care Fraud, Health Professionals, and Natural Resources Divisions in order to support an increase in the demand for services in these areas. Also, the budget contains a funding shift between transportation funds in order to support the Department of Attorney General's provision of legal services to the Department of Transportation.

**Department of Attorney General Pending Cases
1995 through 1999**



Source: Department of Attorney General

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

1. Children and Youth Services Division

Additional funding is included for 10.0 FTE positions due to a significant increase in work referred by the Family Independence Agency (FIA) to the Children and Youth Services Division. The Division provides legal representation to the Wayne County Office of the FIA in child abuse and neglect cases. Caseloads related to appeals, court hearings, and permanent custody petitions are increasing. The positions will be funded with an IDG from FIA.

FTEs 10.0
Gross \$767,200
 GF/GP \$0

2. Natural Resources Division

Additional funding is included for 8.0 FTE positions due to an increase in legal services provided to the Department of Environmental Quality in environmental response actions. The positions will be funded with an IDG from DEQ.

FTEs 8.0
Gross \$610,000
 GF/GP \$0

3. Criminal Division

Additional funding is included for 3.0 FTE positions in the Criminal Division. The positions will be part of the Money Laundering and Financial Crimes Conspiracy Unit in Southeast Michigan, which investigates and prosecutes sophisticated financial crimes and provides assistance to local law enforcement in related areas. The increase is funded with federal Byrne Grant funding from the U.S. Department of Justice, and requires a 50% state match.

FTEs 3.0
Gross \$531,100
 GF/GP \$265,500

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

4. Health Care Fraud Division

Additional funding is included for 4.0 FTE positions due to an increase in the number of civil lawsuits and forfeiture proceedings being brought against individuals who either pled guilty to or were convicted of certain Medicaid fraud violations.

FTEs 4.0
Gross \$411,700
GF/GP \$102,900

5. Agriculture Division

Additional funding is included for 3.0 FTE positions due to an anticipated increase in legal services provided to the Department of Agriculture in bovine tuberculosis litigation cases. The positions will be funded with an IDG from Agriculture.

FTEs 3.0
Gross \$295,100
GF/GP \$0

6. Health Professionals Division

Additional funding is included for 2.0 FTE positions due to an increase in legal services provided to the Department of Consumer and Industry Services in enforcement litigation cases related to licensing issues of health care professionals. The positions will be funded with an IDG from the Department of Consumer and Industry Services.

FTEs 2.0
Gross \$175,300
GF/GP \$0

7. Technology Enhancements

Additional funding is included for ongoing costs associated with improved computer hardware, software, and communications technology which was implemented during FY 1999-2000. Funding will be used for legal research, cellular phone service, voice mail, email, servers, and additional desktop and laptop computers.

FTEs 0.0
Gross \$921,400
GF/GP \$921,400

ECONOMICS: FY 2000-01

Economic Adjustments

Additional funding is included for a 3% salary increase for the unclassified positions (\$13,300 GF/GP); for standard economic adjustments associated with classified salaries and wages, insurances for employees, retirement plans, building occupancy charges, and worker's compensation (\$1.8 million GF/GP); and for economic adjustments associated with the Prosecuting Attorneys Coordinating Council (\$55,200 GF/GP).

FTEs 0.0
Gross \$2,905,200
GF/GP \$1,902,400

MAJOR BOILERPLATE CHANGES: FY 2000-01

Attorney General Responsibilities

Section 301 includes a revised version of current-year language which directs the Attorney General, according to statute and otherwise as provided by law, to serve as the sole legal representative for state agencies and departments, and to defend all judges of state courts in civil actions brought against them.

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

None

CIVIL RIGHTS

PUBLIC ACT 276 OF 2000

Analyst: Robin R. Risko

HB 5278

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	186.5	171.5	(15.0)	(8.0)
GROSS	\$15,623,300	\$15,272,500	(\$350,800)	(2.2)
IDG/IDT	0	0	0	0.0
ADJUSTED GROSS	\$15,623,300	\$15,272,500	(\$350,800)	(2.2)
FEDERAL	884,000	934,000	50,000	5.7
LOCAL	0	0	0	0.0
PRIVATE	0	0	0	0.0
STATE RESTRICTED	0	0	0	0.0
GF/GP	\$14,739,300	\$14,338,500	(\$400,800)	(2.7)

NOTE: FY 1999-2000 Year-To-Date Appropriations include one-time supplemental items contained in 2000 PA 291 (SB 968).

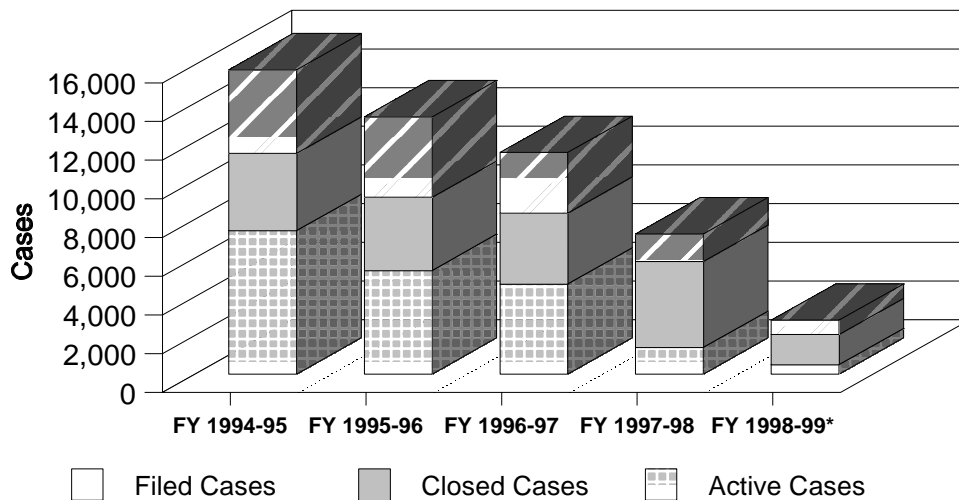
OVERVIEW - CIVIL RIGHTS

The Department of Civil Rights serves as the administrative arm charged with implementing the policies of the constitutionally-established Michigan Civil Rights Commission. The Civil Rights Commission is responsible for securing the civil rights of citizens, which are guaranteed by the Constitution and the laws of Michigan, through the elimination of unlawful discrimination. The Commission, together with the Department of Civil Rights, fulfills this mission through the investigation and resolution of complaints of discrimination in the areas of employment, public accommodations and service, education, housing, and law enforcement; through outreach and education programs designed to promote voluntary compliance with civil rights laws; and through dissemination of information which explains citizen rights and responsibilities provided in the state's legal framework. The Department extends the reach of its mission by creating partnerships with other civil rights organizations and by forming coalitions with other advocacy groups around common issues. Also, the Department promotes equal opportunity through education and training activities, minority business certification, contract compliance, and affirmative action programs.

Public Act 276 of 2000 provides \$15.3 million in Gross appropriations and \$14.3 million in GF/GP appropriations for the Department of Civil Rights. This reflects a decrease in the Gross appropriation of \$350,800, or a 2.2% reduction, with an accompanying GF/GP appropriation decrease of \$400,800, or a 2.7% reduction, from the current-year appropriated levels.

Public Act 291 of 2000, the supplemental bill for FY 1999-2000, contains additional funding and FTE position authorization due to the number of vacancies expected to occur as a result of the number of employees eligible for retirement. The FY 2000-01 budget contains additional GF/GP funding to replace federal funding that was budgeted but that will not be received.

**Michigan Department of Civil Rights Case Profile
FY 1994-95 through FY 1998-99**



*For closed cases and filed cases, numbers do not include dually-filed cases over which EEOC has assumed jurisdiction.

Source:
Department

of Civil Rights

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

EEOC Contract

Additional GF/GP funding is included to replace federal revenue that will not be received. The recent implementation of the Department's Problem Resolution Process has a direct effect on funding that is received from the federal Equal Employment Opportunity Commission (EEOC). The new process focuses on a more timely handling of customer concerns and early resolution. As a result of this new focus, a number of concerns are resolved before they become formal complaints and, therefore, are not eligible for EEOC reimbursement.

FTEs	0.0
Gross	\$0
GF/GP	\$700,000

ECONOMICS: FY 2000-01

Economic Adjustments

Additional funding is included for a 12.3% salary increase for the unclassified positions (\$41,000), and for standard economic adjustments associated with classified salaries and wages, insurances for employees, retirement plans, building occupancy charges, and worker's compensation (\$608,200).

FTEs	0.0
Gross	\$649,200
GF/GP	\$649,200

MAJOR BOILERPLATE CHANGES: FY 2000-01

None

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. *EEOC Contract*

Additional GF/GP funding is included to replace federal revenue that was budgeted in the current-year base, but will not be received. The recent implementation of the Department's Problem Resolution Process has a direct effect on funding that is received from the federal Equal Employment Opportunity Commission (EEOC). The new process focuses on a more timely handling of customer concerns and early resolution. As a result of this new focus, a number of concerns are resolved before they become formal complaints and, therefore, are not eligible for EEOC reimbursement.

FTEs	0.0
Gross	\$0
GF/GP	\$750,000

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

2. Additional FTE Positions (Replacement Staff)

Additional funding is included for 15.0 FTE positions. The positions were requested by the Department due to the number of vacancies expected to occur as a result of the number of employees eligible for retirement. The replacement staff will be phased in as necessary.

FTEs	15.0
Gross	\$1,000,000
GF/GP	\$1,000,000

CIVIL SERVICE

PUBLIC ACT 276 OF 2000

Analyst: Steve Stauff

HB 5278

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	230.5	230.5	0.0	0.0
GROSS	\$30,785,500	\$30,405,600	(\$379,900)	(1.2)
IDG/IDT	3,300,000	3,300,000	0	0.0
ADJUSTED GROSS	\$27,485,500	\$27,105,600	(\$379,900)	(1.4)
FEDERAL	4,779,100	4,779,100	0	0.0
LOCAL	1,700,000	1,700,000	0	0.0
PRIVATE	150,000	150,000	0	0.0
STATE RESTRICTED	8,859,200	9,257,600	398,400	4.5
GF/GP	\$11,997,200	\$11,218,900	(\$778,300)	(6.5)

OVERVIEW - CIVIL SERVICE

At the direction of the constitutionally-established Civil Service Commission, the Department of Civil Service implements all policies, rules, and procedures dealing with the state's classified workforce. The Department examines candidates for state jobs, classifies all positions, and establishes rates of pay for all positions.

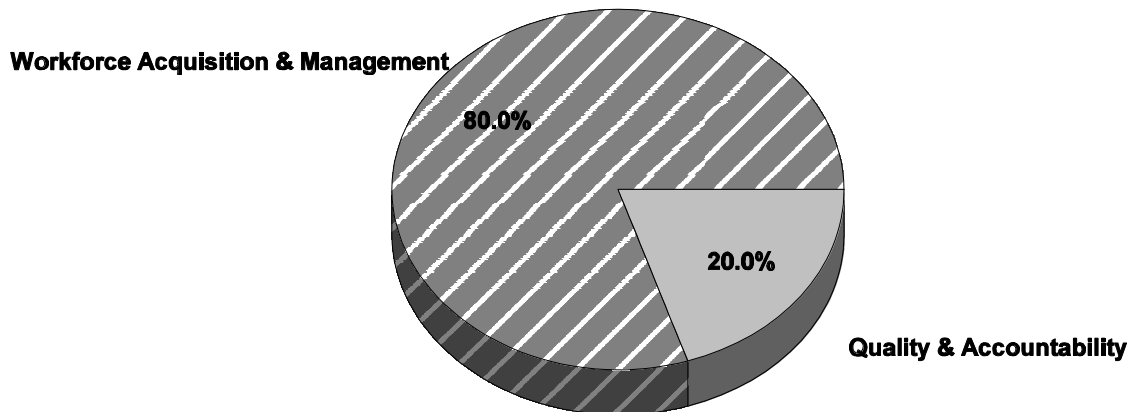
Public Act 276 of 2000 provides for an overall decrease of 1.2% below current-year appropriated levels, with a decrease of 6.5% in GF/GP support. The decrease in GF/GP funding for FY 2000-01 partially results from \$1.2 million of one-time supplemental funding in the FY1999-2000 year-to-date total. The decrease is somewhat offset by a GF/GP economics increase of \$406,700.

A FY 1999-2000 supplemental appropriation of \$1.2 million GF/GP is included for completion of the planned installation of the Human Resource Management Network system. This system will provide integrated personnel, payroll, and employee benefits functionality and data exchange with the state retirement systems.

The chart below highlights the distribution of total costs for the Department by major program outcome for FY 1999-2000.

Source: Department of Civil Service

Total Cost Distribution by Major Program Outcome FY 1999-2000



Total Cost Distribution
\$30,785,500

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

Program Increase - Employee Training

The budget provides funding for the Department to supply other state agencies and departments with requested training. Funding for this increase would come from user charges paid by the agencies and departments requesting the training.

FTEs	0.0
Gross	\$1,000,000
GF/GP	\$0

ECONOMICS: FY 2000-01

Economic Adjustments

The budget provides funding for standard economic increases associated with salaries and wages, insurances, retirement, building occupancy, and worker's compensation.

FTEs	0.0
Gross	\$820,100
GF/GP	\$421,700

MAJOR BOILERPLATE CHANGES: FY 2000-01

Report on Appropriations for Salaries and Wages

Language was deleted which required the Department to report the estimated amount of the appropriation for Civil Service Operations which is attributable to salaries and wages.

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

Human Resource Management Network System

A one-time FY 1999-2000 supplemental appropriation of \$1.2 million GF/GP is provided for the completion of the planned installation of the new Human Resource Management Network.

FTEs	0.0
Gross	\$1,200,000
GF/GP	\$1,200,000

EXECUTIVE OFFICE

PUBLIC ACT 276 OF 2000

Analyst: Robin R. Risko

HB 5278

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	85.0	85.0	0.0	0.0
GROSS	\$5,425,100	\$5,679,600	\$254,500	4.7
IDG/IDT	0	0	0	0.0
ADJUSTED GROSS	\$5,425,100	\$5,679,600	\$254,500	4.7
FEDERAL	0	0	0	0.0
LOCAL	0	0	0	0.0
PRIVATE	0	0	0	0.0
STATE RESTRICTED	0	0	0	0.0
GF/GP	\$5,425,100	\$5,679,600	\$254,500	4.7

OVERVIEW - EXECUTIVE OFFICE

The budget for the Executive Office provides funding for the Governor, the Lieutenant Governor, their staffs, and for the Office of Regulatory Reform. The Governor is elected by the people to a four-year term and, as Chief Executive Officer of the state, does the following:

- Provides program and policy direction for the Executive branch;
- Supervises the principal departments of the Executive branch;
- Reviews and recommends statutory changes for legislative action;
- Directs investigations of any state government department/agency and may require written information from executive and administrative state officers on any subject relating to the performance of their duties;
- Removes elective and appointive officers of the Executive branch for cause, as well as elective county, city, township, and village officers;
- Submits messages to the Legislature and recommends measures considered necessary or desirable;
- Appoints directors of departments and members to state boards and commissions;
- Submits an annual state budget to the Legislature, recommending sufficient revenues to meet proposed expenditures;
- Convenes the Legislature in extraordinary session;
- Calls special elections to fill vacancies in the Michigan House and Senate;
- Fills vacancies in the U.S. Senate by appointment;
- Grants reprieves, commutations of sentences, and pardons;
- Seeks extradition of fugitives from justice who have left the state and issues warrants at the request of other governors for fugitives who may be found within the state;
- Signs all commissions and patents for state lands, and appoints notaries public and commissioners in other states to take acknowledgments of deeds for this state;
- Serves as Chairperson of the State Administrative Board, which supervises and approves certain state expenditures, and has veto power over its actions; and
- Serves as Commander-in-Chief of the state's armed forces.

The Lieutenant Governor is nominated at the party convention and is elected with the Governor. The term of office, beginning in 1966, changed from two years to four years. The Lieutenant Governor:

- Performs gubernatorial functions in the Governor's absence;
- Serves as President of the Michigan Senate, but may vote only in the case of a tie;
- Performs duties requested by the Governor, but no power vested in the Governor by the State Constitution of 1963 may be delegated to the Lieutenant Governor;
- Serves as a member of the State Administrative Board;
- Represents the Governor at a variety of functions; and
- Succeeds the Governor in case of death, impeachment, removal from office, or resignation.

The Office of Regulatory Reform (ORR) is charged with removing unnecessary regulations which impact the business community and with simplifying complex rules where possible. Also, the ORR provides citizens with better and easier access to proposed changes in administrative rules, with information on the rules process, and with the status of new rules.

Public Act 276 provides \$5.7 million in Gross and GF/GP appropriations for the Executive Office. This reflects an increase in Gross and GF/GP appropriations of \$254,500, or 4.7%, over the current-year appropriated levels. The FY 2001 budget reflects a continuation budget.

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue	Change from FY 1999-2000	
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1. State Officers Compensation Commission (SOCC)	Gross	\$2,700
Adjustments for October through December	GF/GP	\$2,700

Additional funding is included for the 9% salary increase provided by SOCC for the Governor (\$2,300), and the 3.5% salary increase provided by SOCC for the Lieutenant Governor (\$400). The year 2000 base salary for the Governor is \$151,245, and for the Lieutenant Governor is \$100,671. The additional funding will cover costs for October through December of 2000.

2. Salary Adjustments for January through September	Gross	\$5,900
	GF/GP	\$5,900

Additional funding is included for an estimated 3% salary increase for the Governor (\$3,500) and the Lieutenant Governor (\$2,400). This funding will be applied to the cost of the salary increases, once determined by SOCC, for January through September of 2001.

ECONOMICS: FY 2000-01

Economic Adjustments	Gross	\$245,900
	GF/GP	\$245,900

Additional funding is included for a 3% salary increase for the unclassified positions (\$24,300), and for standard economic adjustments associated with classified salaries and wages, insurances for employees, and retirement plans (\$221,600).

MAJOR BOILERPLATE CHANGES: FY 2000-01**Michigan Register and Michigan Administrative Code**

Section 550 includes new language which authorizes the Executive Office to receive and expend funds for publication and distribution of the Michigan Register and the Michigan Administrative Code. Responsibility for publication and distribution was transferred from the Legislature to the Office of Regulatory Reform pursuant to Executive Order 2000-1.

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

None

LEGISLATIVE AUDITOR GENERAL

PUBLIC ACT 276 OF 2000

Analyst: Robin R. Risko

HB 5278

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	0.0	0.0	n/a	n/a
GROSS	\$14,343,400	\$15,059,700	\$716,300	5.0
IDG/IDT	1,527,100	1,609,600	82,500	5.4
ADJUSTED GROSS	\$12,816,300	\$13,450,100	\$633,800	4.9
FEDERAL	0	0	0	0.0
LOCAL	0	0	0	0.0
PRIVATE	0	0	0	0.0
STATE RESTRICTED	293,800	266,600	(27,200)	(9.3)
GF/GP	\$12,522,500	\$13,183,500	\$661,000	5.3

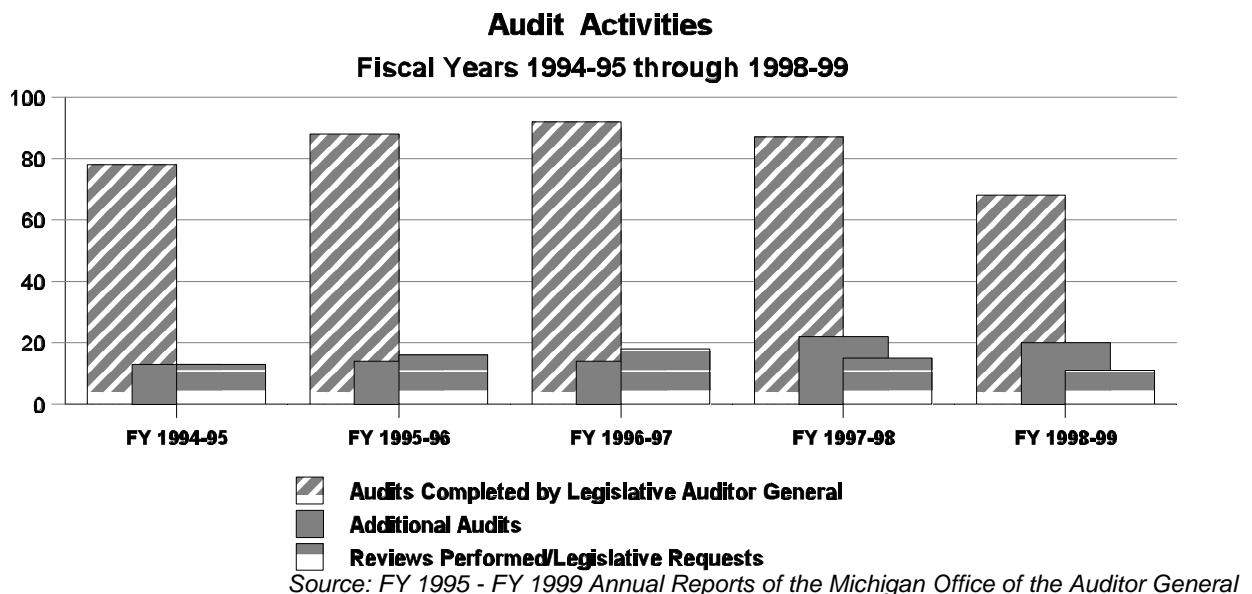
OVERVIEW - LEGISLATIVE AUDITOR GENERAL

The audit function for the State of Michigan is vested in the Legislative branch of government, pursuant to the State Constitution. The Legislative Auditor General is appointed to serve an eight-year term by a majority vote by the members of the House and Senate. The mission of the Office of the Auditor General is to improve the accountability for public funds and to improve the operations of state government for the benefit of the citizens of the State of Michigan.

The Office of the Auditor General is responsible for conducting financial and performance audits of state government operations. These include financial audits of the State of Michigan Comprehensive Annual Financial Report, federal funds subject to the Federal Single Audit Act of 1984, and individual departments and agencies. Additionally, performance audits are conducted of selected state programs and operations, and individual projects and reports are completed in response to legislative requests. The resulting audit reports provide a continuing flow of information to assist the Legislature in its oversight of state government; provide citizens with a measure of accountability, ensuring that all receipts and expenditures are in accordance with the State Constitution, laws, rules, and procedures; and assist state departments and agencies in improving the financial management and the effectiveness, efficiency, and economy of the activities and programs approved by the Legislature. Below is a chart which depicts the number of audits completed, the number of additional audits contracted for, and the number of reviews performed of specific topics in response to legislative requests for Fiscal Years 1994-95 through 1998-99.

Public Act 276 of 2000 provides \$15.1 million in Gross appropriations and \$13.2 million in GF/GP appropriations for the Office of the Auditor General. This reflects an increase in the Gross appropriation of \$716,300, or 5.0%, with an accompanying GF/GP appropriation increase of \$661,000, or 5.3%, over the current-year appropriated levels. The FY 2001 budget reflects a continuation budget.

A graph at the end of this section presents a comparison of staff levels, amount of funds subject to audit, and number of mandated/required audits.



General Government - Auditor General

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

1. Salary Adjustment for the Auditor General	FTEs	0.0
Additional funding is included for a 5.8% salary increase for the Auditor General.	Gross	\$6,900
	GF/GP	\$6,900
2. Additional Auditor Positions	FTEs	0.0
Additional funding is included for three new auditor positions.	Gross	\$150,000
	GF/GP	\$150,000
3. Rent - Funding Adjustment	FTEs	0.0
Funding for rent is reduced by \$41,100 due to a revised estimate of the cost for office space rent under DMB's proposal to directly manage all state-owned and leased space.	Gross	(\$41,100)
	GF/GP	(\$41,100)
4. Training - Funding Adjustment	FTEs	0.0
Additional funding is included for training of audit field staff.	Gross	\$19,700
	GF/GP	\$19,700

ECONOMICS: FY 2000-01

Economic Adjustments	FTEs	0.0
Additional funding is included for a 5.8% salary increase for unclassified positions (\$7,500), and for standard economic adjustments associated with classified salaries and wages, insurance for employees, and retirement plans. Also included is funding for a \$375 lump sum payment to be made to each employee (\$573,300).	Gross	\$580,800
	GF/GP	\$580,800

MAJOR BOILERPLATE CHANGES: FY 2000-01

- 1. Staff for Auditing Local Road Authorities**
Current-year language Sec. 604 is deleted. This language authorizes the Auditor General to temporarily assign staff to the Department of Treasury for the purpose of auditing local road authorities.
- 2. Performance Audits of Funds Received for Transportation Purposes**
Current-year language Sec. 605 is deleted. This language authorizes the Auditor General and the Department of Treasury to conduct performance audits of all state funds received by county road commissions or county boards of commissioners, cities, and villages for transportation purposes.
- 3. Report on Recommendations That Are Not Complied With**
Section 604 includes new language which requires the Office of the Auditor General to report on all recommendations made by the Auditor General in all audit reports that are not complied with by the audited agencies.

VETOES: FY 2000-01

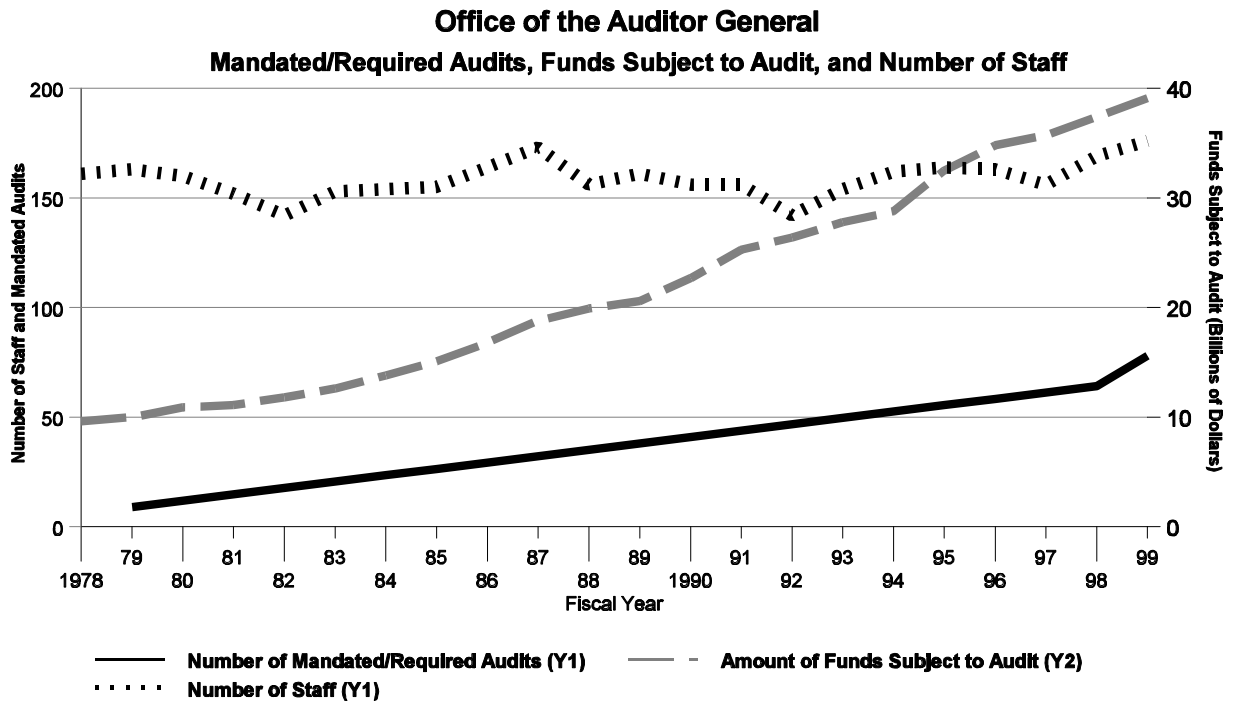
None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

None



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LEGISLATURE

PUBLIC ACT 276 OF 2000

Analyst: Robin R. Risko

HB 5278

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	0.0	0.0	n/a	n/a
GROSS	\$104,553,500	\$106,420,700	\$1,867,200	1.8
IDG/IDT	0	0	0	0.0
ADJUSTED GROSS	\$104,553,500	\$106,420,700	\$1,867,200	1.8
FEDERAL	0	0	0	0.0
LOCAL	0	0	0	0.0
PRIVATE	400,000	400,000	0	0.0
STATE RESTRICTED	1,041,800	1,041,800	0	0.0
GF/GP	\$103,111,700	\$104,978,900	\$1,867,200	1.8

NOTE: FY 1999-2000 Year-To-Date Appropriations include one-time supplemental items contained in 2000 PA 291 (SB 968).

OVERVIEW - LEGISLATURE

The legislative power of the State of Michigan is vested in a bicameral (two-chamber) body comprised of a House of Representatives and a Senate. The House of Representatives consists of 110 members who are elected by the qualified electors of districts having approximately 77,000 to 91,000 residents. Representatives are elected in even-numbered years to two-year terms. The Senate consists of 38 members who are elected by the qualified electors of districts having approximately 225,000 to 265,000 residents. Senators are elected at the same time as the Governor and serve four-year terms concurrent with the Governor's term of office. Legislative districts are drawn on the basis of population figures obtained through the federal decennial census. Terms for Representatives and Senators begin on January 1, following the November general election.

The budget for the Legislature provides funding for the Legislative branch of state government, the Legislative Council and agencies it governs, the Legislative Retirement System, and for Property Management.

The Legislature enacts the laws of Michigan, levies taxes, appropriates funds from revenues collected for the support of public institutions and the administration of the affairs of state government, initiates and considers amendments to the State Constitution, considers legislation proposed by initiatory petitions, exercises legislative oversight over the Executive branch of government through the administrative rules and audit processes, and advises and consents through the Senate on gubernatorial appointments. The majority of the Legislature's work, however, entails lawmaking. Through a process defined by the State Constitution, statute, and legislative rules, the Legislature considers thousands of bills (proposed laws) during each two-year session. Following the Overview is a chart which depicts the number of bills introduced by lawmakers in the past five legislative sessions.

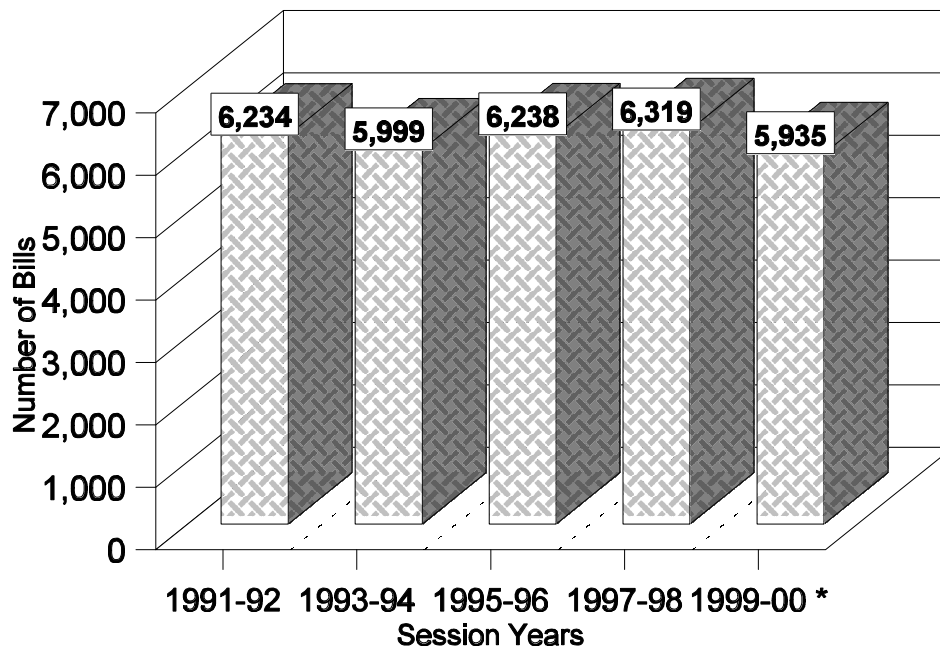
The Legislative Council is a constitutional body that provides a wide variety of essential services to members and staff of the Legislature. As established in the State Constitution, the Council is responsible for maintaining bill drafting, research, and other services. Also, the Legislative Council is the governing body of the following agencies: Legislative Service Bureau, Library of Michigan, Legislative Council Facilities Agency, Legislative Corrections Ombudsman, Joint Committee on Administrative Rules staff, Michigan Sentencing Commission staff, Michigan Law Revision Commission, and the Michigan Commission on Uniform State Laws.

The Legislative Retirement System, established by 1957 PA 261, provides retirement allowances, survivor's allowances, and other benefits for members of the Legislature, their presiding officers, and their survivors and beneficiaries. The system is funded through the following four mechanisms: state appropriations, member contributions, certain court filing fees, and investment income.

Property Management has full responsibility for the maintenance, operation, and repair of the Capitol Building, the Farnum Building, and the House of Representatives Office Building.

Public Act 276 of 2000 provides \$106.4 million in Gross appropriations and \$105.0 million in GF/GP appropriations for the Legislature. This reflects an increase in the Gross and GF/GP appropriations of \$1.9 million, or 1.8%, over the current-year appropriated levels. The FY 2001 budget reflects a continuation budget.

Number of Bills Introduced by Lawmakers 1991-1992 through 1999-2000



Source: House
of
Representatives
Clerk's Office
* As of 7/11/00

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue	Change from FY 1999-2000	
1. State Officers Compensation Commission (SOCC) Adjustments for October through December	Gross	\$67,100
Additional funding is included for the 3.5% salary increase provided by SOCC for members of the Legislature (\$49,500 House; \$17,600 Senate). The year 2000 base salary for legislators is \$56,981. The additional funding will cover costs for October through December of 2000.	GF/GP	\$67,100
2. Salary Adjustments for January through September	Gross	\$198,300
Additional funding is included for an estimated 3% salary increase for members of the Legislature (\$146,600 House; \$51,700 Senate). This funding will be applied to the cost of the salary increases, once determined by SOCC, for January through September of 2001.	GF/GP	\$198,300
3. Legislative Office Buildings	Gross	\$332,900
Additional funding is included for increased utility, maintenance, and lease costs for the House of Representatives Office Building (\$326,100), and for increased utility costs for the Farnum Building (\$6,800).	GF/GP	\$332,900

MAJOR BUDGET CHANGES: FY 2000-01

<u>Budget Issue</u>	<u>Change from FY 1999-2000</u>	
4. Legislative Retirement System	Gross	\$90,500
Additional funding is included for general non-retirement expenses. This funding is provided to cover estimated health insurance costs for eligible deferred and retiree members of the system, Medicare reimbursement for retirees, and the required appropriation into the Health Insurance Reserve Fund.	GF/GP	\$90,500

ECONOMICS: FY 2000-01

Economic Adjustments	Gross	\$2,516,700
Additional funding is included for standard economic adjustments associated with salaries and wages, insurance for employees, and retirement plans (\$1.4 million House; \$967,600 Senate; and \$405,300 Legislative Council).	GF/GP	\$2,516,700

MAJOR BOILERPLATE CHANGES: FY 2000-01

E-Law, Legislative Council Technology Enhancement Project

Section 629 includes a revised version of current-year language, relative to the Legislative Session Integration System, which reflects the new title of the project, the new scope of the project, and the new project cost estimate).

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. Census Tracking and Reapportionment	Gross	\$1,000,000
Additional funding is included for the Legislature (\$500,000 House; \$500,000 Senate) to cover costs associated with the census tracking/reapportionment project. The purpose of the project is to compile election and census data, draw maps, and distribute the information for use in determining reapportionment.	GF/GP	\$1,000,000
2. Capitol Building Renovation	Gross	\$400,000
Additional funding is included for Capitol Building renovation projects.	GF/GP	\$400,000

LIBRARY OF MICHIGAN

PUBLIC ACT 276 OF 2000

Analyst: Robin R. Risko

HB 5278

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	0.0	0.0	n/a	n/a
GROSS	\$38,977,400	\$39,916,700	\$939,300	2.4
IDG/IDT	0	0	0	0.0
ADJUSTED GROSS	\$38,977,400	\$39,916,700	\$939,300	2.4
FEDERAL	4,557,400	4,557,400	0	0.0
LOCAL	0	0	0	0.0
PRIVATE	75,000	75,000	0	0.0
STATE RESTRICTED	86,900	86,900	0	0.0
GF/GP	\$34,258,100	\$35,197,400	\$939,300	2.7

OVERVIEW - LIBRARY OF MICHIGAN

The Library of Michigan, formerly known as the State Library, became a part of the Legislative branch of government in 1983. It is governed by the Legislative Council for policy purposes. The Council appoints the State Librarian in consultation with the 15-member Board of Trustees of the Library of Michigan. The State Librarian is the chief administrator of the Library.

The Library of Michigan is primarily charged with providing reference services to the Legislative branch of state government, to the Executive and Judicial branches, and to the general public. As the fourth largest state library in the nation, the Library maintains a collection of over three million books, millions of state and federal government publications, Michigan newspapers on microfilm, magazines and other periodicals, and one of the country's leading collections on family history.

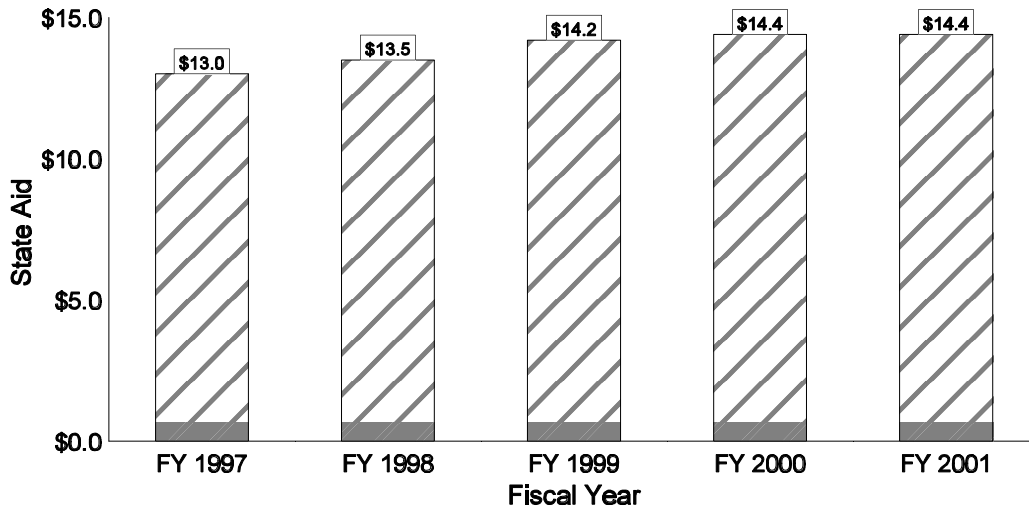
The Library of Michigan assists public libraries state-wide. Workshops and training seminars are conducted by Library of Michigan staff to train librarians and library trustees in the areas of technology, administration, finance, and patron services. As the administrative agency, the Library of Michigan distributes more than \$14.0 million in state aid annually to Michigan public libraries and to 14 public library cooperatives. State aid funding provides books and materials, staff training, interlibrary loan services, and document delivery services in order to link libraries together. Following are two charts which detail state sources of funding paid to public libraries for FY 1996-97 through FY 2000-01.

More than \$4.1 million in federal funds is distributed annually to support Michigan libraries through state-wide projects, competitive grant projects, and subgrant projects dedicated to a specific area of state-wide interest. The federally-funded projects include basic library technology, advanced technology projects, and improving library and information services to individuals.

The Library of Michigan is linked to the Library of Congress and is the state agency responsible for library services to the blind and to persons with disabilities. These services are used widely by students and senior citizens through the Library of Michigan and through a network of 11 subregional libraries and one regional library.

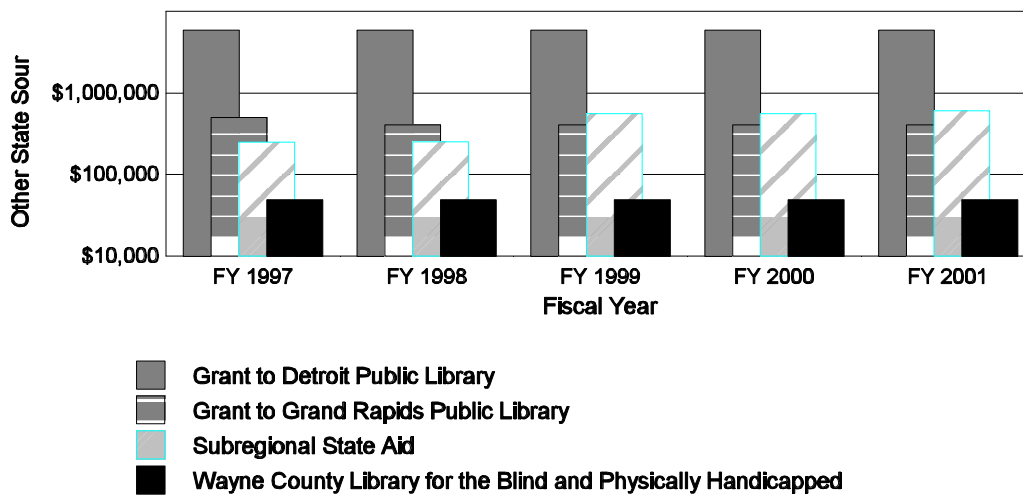
Public Act 276 of 2000 provides \$40.0 million in Gross appropriations and \$35.2 million in GF/GP appropriations for the Library of Michigan. This reflects an increase in the Gross and GF/GP appropriations of \$939,300, or 2.4% (Gross) and 2.7% (GF/GP), over the current-year appropriated levels. The FY 2000-01 budget reflects a continuation budget with the exception of additional GF/GP funding provided to replace lost federal revenues which have been used to support the Statewide Database Access program.

FIVE-YEAR HISTORY OF STATE AID TO LIBRARIES
(Millions of Dollars)



Source: House Fiscal Agency

**FIVE-YEAR HISTORY OF
OTHER STATE SOURCES PAID TO PUBLIC LIBRARIES**



Source: House Fiscal Agency

MAJOR BUDGET CHANGES: FY 2000-01

Budget IssueChange from FY 1999-2000**1. Statewide Database Access**

Additional funding is included for this line item due to the anticipated loss of a portion of federal funding used to support the program. The Statewide Database Access program is a compilation of computer files and lists that provide a subject organization for selected sources of information found on the Internet. Access is provided to information on over 30 million books, to abstracts of articles from over 15,000 journals and newspapers, to the Info Trac reference database of articles, images and encyclopedia data, as well as to the Health Center Academic database files. The Detroit Free Press and other national newspapers are offered, along with magazine index listings supported by an on-line file of the titles held by Michigan libraries. Also, three databases suitable for schoolchildren in grades K-6 have been added.

Gross \$429,900
GF/GP \$429,900

2. Subregional State Aid

Additional funding is included for Subregional State Aid payments. Subregional State Aid provides library services, including the distribution of free reading materials, to the blind and to persons with disabilities. Currently, there are 12 libraries; each receives a base grant of \$46,192. With the additional funding, the base grant will increase to \$50,358.

Gross \$50,000
GF/GP \$50,000

3. Book Distribution Centers

Additional funding is included for the book distribution centers. Currently, the two centers, which provide donated reading and educational materials free of charge to eligible recipients based on federal guidelines, each receive \$156,800. With the additional funding, each will receive \$166,000.

Gross \$18,500
GF/GP \$18,500

4. Renaissance Zone Reimbursement

Additional funding is included for reimbursement to public libraries that lose money from their levies due to the presence of a renaissance zone within their taxing authority. Section 12 of the Michigan Renaissance Zone Act, 1996 PA 376, eliminates the portion of the property taxes that are designated for libraries, and provides for reimbursement of that revenue to libraries in order to hold them harmless.

Gross \$72,200
GF/GP \$72,200

ECONOMICS: FY 2000-01

Economic Adjustments

Additional funding is included for standard economic adjustments associated with salaries and wages, insurances for employees, and retirement plans. Also included is funding for a \$375 lump sum payment to be made to each employee.

Gross \$346,800
GF/GP \$346,800

MAJOR BOILERPLATE CHANGES: FY 2000-01

Reports from the Detroit and Grand Rapids Public Libraries

Section 656 includes new language which requires a report from each of the libraries on the following: all of the unique services each library provides to the public, all of the unique services each library provides to the State of Michigan, and the amount of funding expended by each library on providing these services.

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

None

MANAGEMENT AND BUDGET

PUBLIC ACT 276 OF 2000

Analyst: Robin R. Risko

HB 5278

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	967.5	967.5	0.0	0.0
GROSS	\$178,972,200	\$163,529,800	(\$15,442,400)	(8.6)
IDG/IDT	52,476,200	72,113,300	19,637,100	37.4
ADJUSTED GROSS	\$126,496,000	\$91,416,500	(\$35,079,500)	(27.7)
FEDERAL	726,700	550,500	(176,200)	(24.2)
LOCAL	0	0	0	0.0
PRIVATE	0	0	0	0.0
STATE RESTRICTED	45,612,800	43,905,200	(1,707,600)	(3.7)
GF/GP	\$80,156,500	\$46,960,800	(\$33,195,700)	(41.4)

NOTE: Year-To-Date Appropriations include one-time supplemental items contained in 2000 PA 291 (SB 968).

OVERVIEW - MANAGEMENT AND BUDGET

The Department of Management and Budget (DMB) is an interdepartmental service and management agency responsible for all of the following: ensuring proper financial record keeping for state agencies; developing, upgrading, and maintaining data and communications systems; negotiating collective bargaining agreements; managing capital outlay projects; managing property for the state; executing cost-effective purchasing programs; managing the state's retirement systems; and providing office support services to state agencies. In addition, the Department prepares, presents, and executes the state budget on behalf of the Governor.

The Director of the Department is appointed by the Governor. The Director provides program and policy direction for all state departments and monitors program execution to ensure efficiency and effectiveness of departmental operations. The State Budget Director is also appointed by the Governor and is responsible for coordinating all executive budget activities, including development and presentation.

Public Act 276 of 2000 provides \$163.5 million in Gross appropriations and \$47.0 million in GF/GP appropriations for the Department of Management and Budget. This reflects a decrease in the Gross appropriation of \$15.4 million, or an 8.6% reduction, with an accompanying GF/GP appropriation decrease of \$33.2 million, or a 41.4% reduction, from the current-year appropriated levels.

The FY 2000-01 budget contains additional funding for rent and operational costs associated with the state space plan, for operation and maintenance of the new State Police forensics lab, for ongoing costs associated with implementing changes to the Judges' Retirement System, and for the required appropriation into the Health Insurance Reserve Fund.

Public Act 291 of 2000, the supplemental bill for FY 1999-2000, contains additional funding for the e-Michigan initiative, art and cultural grant awards, the electronic funds transfer and on-line vendor enrollment project, the census and redistricting project, and the Council of State Governments' annual meeting.

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

1. State Space Plan

Additional funding is included for rent and operational costs associated with the state space plan. Several major space initiatives are underway to improve functionality among state departments, improve space utilization throughout state government, and create a user-friendly environment for the state's external customers. Under these space plans, DMB will directly manage office space and leases. Rent payments will be paid to DMB by the departments that occupy the space, and then DMB will pay the lessors.

FTEs	0.0
Gross	\$16,929,200
GF/GP	\$0

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

2. State Police Lab

Additional funding is included for operation and maintenance of the new State Police forensics lab. The lab is scheduled to open in October 2000 at the Secondary Complex and will be operated and maintained by the Office of Property Services within DMB. Operation and maintenance will be funded with an IDG from the Department of State Police.

FTEs 0.0
Gross \$1,547,300
 GF/GP \$0

3. Judges' Retirement System Enhancements

Additional funding is included for the Office of Retirement Services due to an ongoing workload associated with implementing changes to the Judges' Retirement System. The changes are needed as a result of settling the judges' lawsuit regarding the Defined Contribution Retirement Plan and enactment of 1996 PA 523. The Office of Retirement Services will continue to need legal support for administration of the Defined Contribution and 401h Health Care Plans. In addition, all issues named in the lawsuit were not settled, and the remaining issues are expected to require the continued services of contractual legal professionals.

FTEs 0.0
Gross \$510,000
 GF/GP \$0

4. Health Insurance Reserve Fund Payment

Additional funding is included for the required appropriation into the Health Insurance Reserve Fund. Section 52 of the State Employees' Retirement Act requires an annual appropriation of the estimated GF/GP savings from implementing the Defined Contribution Plan.

FTEs 0.0
Gross \$412,200
 GF/GP \$412,200

5. Electronic Records Management

Additional funding is included for the Records and Forms Management program for implementation of several initiatives for managing the state's electronic records and improving services to all state agencies. The initiatives include: providing on-line agency access to records retention schedules, implementing and maintaining an electronic forms creation and repository system, and providing training to state agencies to increase awareness and understanding of electronic records management.

FTEs 0.0
Gross \$116,900
 GF/GP \$116,900

ECONOMICS: FY 2000-01

Economic Adjustments

Additional funding is included for a 6.4% salary increase for the unclassified positions (\$32,900 GF/GP), and for standard economic adjustments associated with classified salaries and wages, insurance for employees, retirement plans, worker's compensation, building occupancy charges, and rent (\$1.4 million GF/GP).

FTEs 0.0
Gross \$3,641,300
 GF/GP \$1,425,300

MAJOR BOILERPLATE CHANGES: FY 2000-01

1. Report on Funding for Training

The reporting requirement contained in current-year Sec. 702 has been deleted. The deleted language requires DMB to report on amounts of funding in excess of \$10,000 received and expended for conducting training and orientation workshops and seminars.

MAJOR BOILERPLATE CHANGES: FY 2000-01

2. *Health Insurance Reserve Fund*

Included is language which appropriates funding into the Health Insurance Reserve Fund pursuant to Section 52 of the State Employees' Retirement Act (Sec. 717). This language exists in current law as Sec. 927. The language is transferred from the Department of Treasury's boilerplate section of the bill to DMB's section.

3. *Emergency First Responder Kits*

Section 718 includes a revised version of current-year language relative to DMB conducting a feasibility study regarding placement of emergency first responder kits on each floor of each building that is utilized by a state agency. The revised language requires DMB to conduct a feasibility study regarding placement of automated external defibrillators in quantities as needed for each building.

4. *Privacy Rights - Electronic Tracking System*

Included is new language (Sec. 719) which requires DMB to create a privacy policy that addresses the use of technologies to better serve individuals, prohibits the retention of information beyond the current web session unless approved by the individual, and prohibits the dissemination of collected information to businesses or private individuals.

5. *Auditor General Reports*

Current-year language Sec. 204 is deleted. This language requires departments to report, within 60 days of issuance of an Auditor General's report, on recommendations of the Auditor General that are implemented, on recommendations that are not implemented, on recommendations that are implemented but modified, and on the rationale for not implementing or for modifying recommendations made.

6. *Report on Year 2000 Efforts*

Current-year language Sec. 209 is deleted. This language requires departments/agencies to report on their efforts to change their computer software and hardware as necessary to perform properly in the year 2000 and beyond, requires departments/agencies to issue reports which identify significant problems and occurrences of system failure as a result of noncompliance with year 2000 standards, authorizes departments/agencies to present progress billings to DMB for costs incurred in changing computer software and hardware, and requires DMB to forward the appropriate funding to cover the costs.

7. *Internet Availability of Reports*

Section 208 is a revised version of current-year language which requires DMB to pilot use of the Internet to fulfill the reporting requirements in the bill and to continue distributing reports in the printed format. This revised language requires DMB to continue piloting use of the Internet to fulfill the reporting requirements in the bill; authorizes transmission of reports via electronic mail to the recipients; authorizes placement of reports on the Internet or on the Intranet; requires notification in writing of the Internet or Intranet site of reports; requires DMB to provide, quarterly, a cumulative listing of the reports submitted during the most recent three-month period along with the Internet or Intranet site of each report and a listing of those reports expected to be transmitted in the following quarter; and requires that the option of receiving reports in printed format still be available.

8. *Budget Stabilization Fund*

Section 212 includes language which appropriates \$0.0 into the Countercyclical Budget and Economic Stabilization Fund.

9. *Coverage for Abortions*

Current-year language Sec. 215 is deleted. This language prohibits funding for coverage of abortion services for state employees or their dependents unless necessary or required by Civil Service or collective bargaining agreements, requires the Office of the State Employer to negotiate elimination of coverage for abortion services through the collective bargaining process, and requires the Office of the State Employer to report semiannually on the status of those negotiations.

MAJOR BOILERPLATE CHANGES: FY 2000-01

10. Internal Auditor Report

Current-year language Sec. 217 is deleted. This language requires departments/agencies to provide a report prepared by their internal auditors, which lists each audit or investigation performed and the time spent on statutory and on all other activities performed in the internal audit function.

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. Funding for e-Michigan

Additional funding is included for conducting a market study which will assist in determining the priorities of adding services to the state Internet functions, for the purchase of hardware and software necessary to develop and maintain the e-Michigan initiative, for the purchase of integration technology that will provide a seamless presentation of data and services from multiple state agency databases and platforms, and for the redesign of the state's home web page and various supporting pages to make navigation for citizens and customers easy.

FTEs	0.0
Gross	\$23,200,000
GF/GP	\$21,200,000

The e-Michigan system will provide citizens of the state with an easy-to-understand web interface to government services in order to allow interaction with government at citizen convenience from any Internet-accessible personal computer. Potential applications include electronic access to state government data, reports and information, campsite reservations, vehicle license tab renewal, tax return preparation and filing, and professional and occupational license application and renewal.

2. Art and Cultural Grants

Additional funding is included to support applications for art and cultural grant awards. This discretionary grant program is administered by the Office of the State Budget Director.

FTEs	0.0
Gross	\$11,100,000
GF/GP	\$11,100,000

3. Electronic Funds Transfer (EFT) and On-Line Vendor Enrollment

Additional funding is included to make possible the large-scale use of EFTs to make state payments to vendors and other payees such as colleges and universities, local units of government, and individuals. Also, this funding will make it possible to register on-line to do business with the state. Currently, the Departments of Management and Budget and Treasury are both involved in the project and are absorbing the costs. In order to complete the project, assistance with programming and expert consulting on EFT banking processes are necessary.

FTEs	0.0
Gross	\$2,000,000
GF/GP	\$2,000,000

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

4. Census and Redistricting

Additional funding is included for the following: responding to citizen inquiries regarding census process; maintaining communications with all state departments; assisting communities in targeting "hard to count" populations; providing access to state activities regarding Census 2000; preparing and distributing maps and data depicting information related to the Census; reviewing accuracy of census results; analyzing issues surrounding adjusted and unadjusted counts; preparing census results for distribution; and, after the State House, State Senate, and U.S. House districts are redrawn, preparing legal descriptions and maps for distribution to Michigan jurisdictions for redrawing precinct boundaries.

FTEs	0.0
Gross	\$500,000
GF/GP	\$500,000

5. Council of State Governments

Additional funding is included to offset costs associated with hosting the annual meeting of the Council of State Governments. The year 2000 meeting is to be held in Dearborn.

FTEs	0.0
Gross	\$350,000
GF/GP	\$350,000

STATE

PUBLIC ACT 276 OF 2000

Analyst: Steve Stauff

HB 5278

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	2,050.0	2,054.0	4.0	0.2
GROSS	\$182,210,500	\$186,385,200	\$4,174,700	2.3
IDG/IDT	56,830,800	54,904,200	(1,926,600)	(3.4)
ADJUSTED GROSS	\$125,379,700	\$131,481,000	\$6,101,300	4.9
FEDERAL	3,112,100	2,704,700	(407,400)	(13.1)
LOCAL	0	0	0	0.0
PRIVATE	500,100	501,600	1,500	0.3
STATE RESTRICTED	60,983,300	63,144,500	2,161,200	3.5
GF/GP	\$60,784,200	\$65,130,200	\$4,346,000	7.1

OVERVIEW - STATE

The mission of the Department of State is to provide the most efficient and effective services to residents of Michigan through the licensing of drivers, the registration and titling of vehicles, the regulation of automobile dealers and repair facilities, the registration of voters and administration of elections, the preservation of Michigan's history, and the collection of revenue.

Public Act 276 of 2000 includes a Gross increase of 2.3% over current-year appropriated levels and an increase of 7.1% in GF/GP support.

The FY 2000-01 budget includes \$2.0 million (\$500,000 GF/GP) to implement short- and long-term technology enhancements recommended in the Department's Information Technology Assessment and Strategy Plan. As well, \$208,400 GF/GP is available to support enhancements to the qualified voter file help desk.

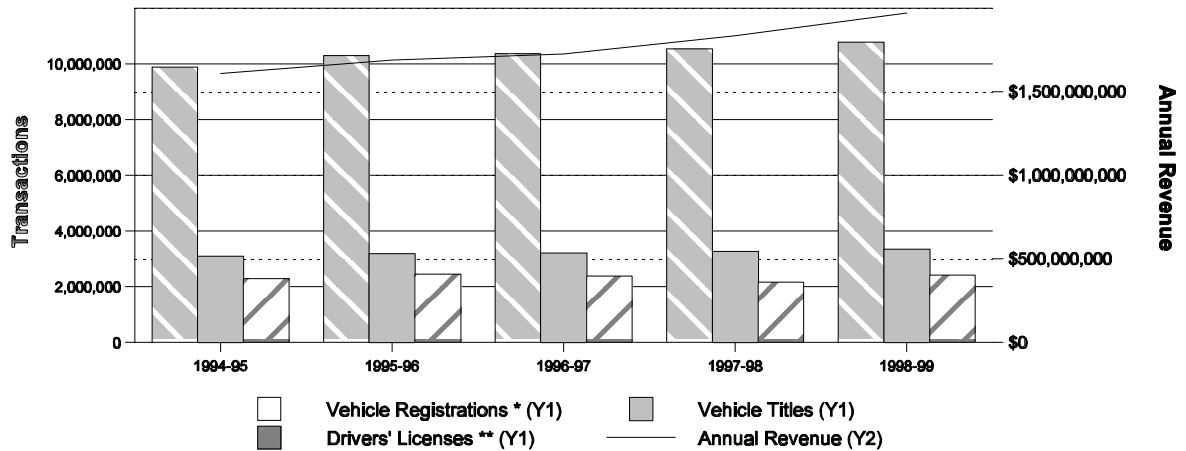
Three new programs, totaling \$3.3 million, are included in the FY 2000-01 Department of State budget. First, \$750,000 GF/GP is available for an electronic elections disclosure system which will assist in implementation of the provisions of 1999 PA 237, requiring electronic filing of campaign finance reports. Second, the new specialty license plate program designed for fundraising is supported in the amount of \$2.0 million Gross. Third, \$500,000 GF/GP initiates a program for distribution of Michigan history materials to students through the Michigan curriculum framework.

Public Act 330 of 1998 was enacted in response to the Federal Illegal Immigration Reform and Immigrant Responsibility Act of 1996 which requires states to collect and verify social security numbers from all driver license and personal identification card applicants starting October 1, 2000. The FY 1999-2000 budget contains \$1.7 million in Federal Temporary Assistance for Needy Families (TANF) funds to support the start-up costs for implementing this legislation. The FY 2000-01 budget eliminates TANF funding for the start-up costs of this program and replaces it with a combination of Federal Title IV D Child Support Program funding and matching GF/GP to cover the ongoing costs. The budget provides a net increase of \$126,200 Gross (\$606,700 GF/GP) for the ongoing costs associated with collecting and verifying social security numbers.

Two FY 1999-2000 supplemental appropriations for the Department of State total \$695,000 GF/GP; \$395,200 is available for branch office technology enhancements and \$300,000 in additional funding is provided to prepare the Michigan Historical Museum artifact collections for a move to a new storage facility.

The following compares selected driver and vehicle transactions with associated revenues over the past five-year period.

Selected Transactions Compared to Annual Revenue
FY 1994-95 through FY 1998-99



* Registrations and transfers

** Original and renewal operators plus original, renewal chauffeur licenses, duplicates and corrections, CDL endorsements, and Temporary Instructional Permits (TIP) not returned.

Source: Department of State

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

1. New Program - Elections Electronic Disclosure System

Additional funding is included to implement the provisions of 1999 PA 237. This legislation was part of a larger package, recently enacted, which requires electronic filing of campaign finance reports for more timely availability of election information.

FTEs 0.0
Gross \$750,000
 GF/GP \$750,000

2. New Program - Specialty License Plates

Sufficient funding is included to implement the new specialty license plate programs contemplated under recently-introduced legislation. The legislation will allow for the sale of 15 new fund-raising license plates by the Department. Customers will pay an additional \$10 fee, in addition to the regular registration fee, which will cover the costs of the program.

FTEs 0.0
Gross \$2,000,000
 GF/GP \$0

3. Social Security Number Verification

Additional funding and 1.0 FTE is available for ongoing administrative costs associated with collecting and verifying social security numbers from all drivers and personal identification applicants, as required under 1998 PA 330. Public Act 330 was enacted in response to the Federal Illegal Immigration Reform and Immigrant Responsibility Act of 1996. Start-up costs totaling \$1.7 million for this program were provided in the FY 1999-2000 budget.

FTEs 1.0
Gross \$1,838,400
 GF/GP \$606,700

4. Technology Enhancements

Funding is included to implement various short- and long-term technology enhancements recommended in the Department's Information Technology Assessment and Strategy Plan.

FTEs 0.0
Gross \$2,000,000
 GF/GP \$500,000

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

5. New Program - Michigan Museum Program

The budget provides funding to initiate a program to distribute educational materials that support the Michigan curriculum framework and bolster the overall effort to educate students about Michigan history. The program is modeled after a similar program initiated by the Department of Natural Resources entitled "Great State, Great Parks, Great History."

FTEs	0.0
Gross	\$500,000
GF/GP	\$500,000

6. Program Enhancement - QVF Help Desk

The budget provides funding to support enhancements to the qualified voter file help desk. The help desk assists local jurisdictions in administering the qualified voter file and election law. Jurisdictions have required assistance with application and operation of the changing technology related to election administration.

FTEs	3.0
Gross	\$208,400
GF/GP	\$208,400

7. Funding Reduction - Michigan Transportation Fund

Funding is reduced from the Michigan Transportation Fund in order to more accurately reflect the anticipated expenditure level for the Commemorative License Plate Program.

FTEs	0.0
Gross	(\$6,500,000)
GF/GP	\$0

8. Postage/Data Services Increase

Funding is included to cover the additional costs associated with a projected annual increase of 4% in mail volume. Also, mail volume is expected to increase as a result of 1999 PA 118, which requires implementation of new methods for customers to change their address on their license.

FTEs	0.0
Gross	\$370,500
GF/GP	\$247,800

ECONOMICS: FY 2000-01

Economic Adjustments

The budget includes a net increase for standard economic adjustments associated with salaries and wages, insurances for employees, retirement, building occupancy charges, private rent, and worker's compensation.

FTEs	0.0
Gross	\$6,143,100
GF/GP	\$2,563,500

MAJOR BOILERPLATE CHANGES: FY 2000-01

1. Collector and Fund-Raising Plates

New language (Sec. 820) authorizes the revenue collected from the sale of collector and fund-raising plates to be appropriated to the recipient Michigan university or agency overseeing a state-sponsored goal. Under proposed legislation, 15 new fund-raising plates will be available. Revenue generated from the sale of the plates, after deducting administrative costs, will be forwarded to the recipient university or agency.

2. Lighthouse Program

Section 821 of the budget includes new language which authorizes the receipt of gifts, donations, and contributions to assist with the underwriting of discretionary grant programs for the preservation of lighthouses. The language appropriates funds upon receipt and prohibits them from lapsing to the general fund at the close of the fiscal year.

3. Motor Vehicle Accident Claims Fund

New language (Sec. 822) requires that the balance of revenue in the motor vehicle accident claims fund at the end of each fiscal year be transferred to the general fund.

MAJOR BOILERPLATE CHANGES: FY 2000-01

4. *Seat Belt Exemption*

New language (Sec. 823) requires the Department to develop a program that identifies to law enforcement officers vehicles whose drivers are exempt from the mandatory seat belt law, pursuant to the Motor Vehicle Code, and requires the Department to report on their recommendations.

5. *Exam Questions Related to Truck Tractor Safety*

New language (Sec. 827) requires the Secretary of State to include questions related to truck tractor safety on motor vehicle license exams, and specifies that the focus of the questions should be on safety distances that are to be maintained around truck tractors.

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. *Branch Office Computer Technology Enhancement*

A \$395,000 GF/GP supplemental appropriation is provided to complete the replacement/conversion of the old computer system in the branch offices with a mainstream industry standard system.

FTEs	0.0
Gross	\$395,200
GF/GP	\$395,200

2. *Michigan Museum Program*

A \$300,000 GF/GP supplemental appropriation is provided to prepare Michigan Historical Museum artifact collections for a move to a new storage facility.

FTEs	0.0
Gross	\$300,000
GF/GP	\$300,000

TREASURY - OPERATIONS

PUBLIC ACT 276 OF 2000

Analyst: Steve Stauff

HB 5278

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	1,743.5	1,793.5	50.0	2.9
GROSS	\$295,102,300	\$318,638,800	\$23,536,500	8.0
IDG/IDT	8,810,600	9,178,400	367,800	4.2
ADJUSTED GROSS	\$286,291,700	\$309,460,400	\$23,168,700	8.1
FEDERAL	39,800,000	33,800,000	(6,000,000)	(15.1)
LOCAL	2,247,200	1,145,900	(1,101,300)	(49.0)
PRIVATE	0	0	0	0.0
STATE RESTRICTED	179,515,000	205,079,300	25,564,300	14.2
GF/GP	\$64,729,500	\$69,435,200	\$4,705,700	7.3

OVERVIEW - DEPARTMENT OF TREASURY - OPERATIONS

Under the direction of the State Treasurer, the Department of Treasury collects, invests, and disburses state monies; administers state tax laws; safeguards the credit of the state and local governments; and provides support to various authorities. The Bureau of State Lottery and the debt service/revenue sharing areas of the Department of Treasury's budget are not included here, rather these areas appear separately. The budgetary areas covered here include executive direction, department-wide services, local government, tax, management, financial assistance and investment, local grant programs and casino gaming.

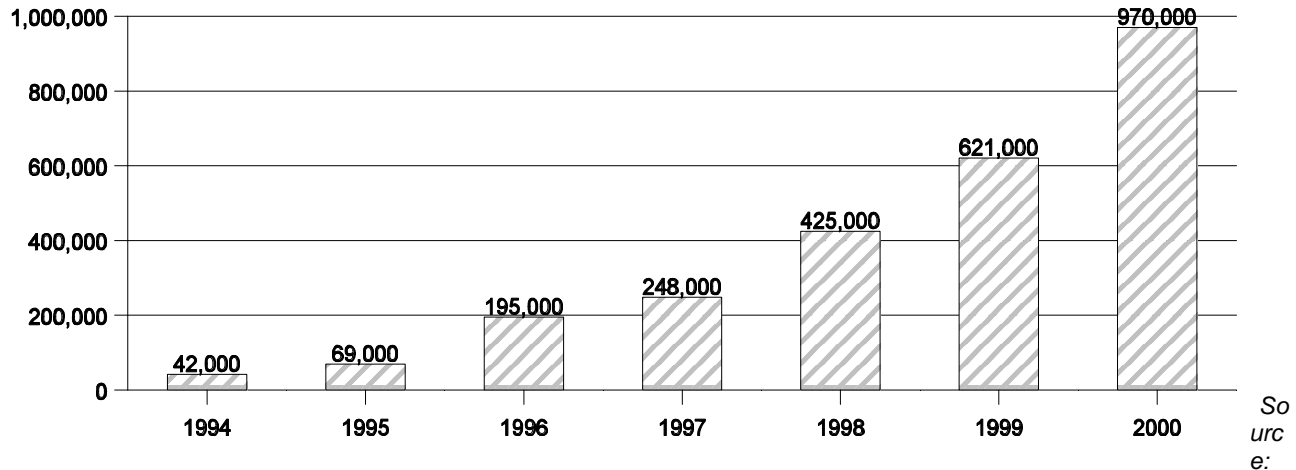
The budget provides for an increase of 8.0% in Gross appropriations for FY 2000-01, with an increase in GF/GP spending of 7.3% above current-year appropriated levels. The FY 2000-01 budget reflects Executive Order 1999-12, which transferred the Michigan Educational Assessment Program (MEAP) from the Department of Education to Treasury, in order to effectively and efficiently administer the Michigan Merit Award program. The budget includes a \$14.6 million (\$1.6 million GF/GP) MEAP transfer and a transfer of \$363,400 GF/GP for administration of the Tuition Incentive Program (TIP) from the Family Independence Agency to Treasury. An additional \$1.8 million Gross is provided for MEAP administration in FY 2000-01. The MEAP, Tuition Incentive Program, and Michigan Merit Award Board, through a funding shift, are entirely funded from the Michigan Merit Award Trust Fund under the FY 2000-01 budget.

The FY 2000-01 budget includes \$1.1 million GF/GP funding to support administration of the cigarette tax stamp program. In an effort to curb the smuggling of untaxed cigarettes from outside of Michigan, the Tobacco Products Tax Act was amended by 1997 PA 187 to mandate that wholesalers affix a tax stamp to each cigarette pack beginning May 1, 1998. The Department is responsible for printing and distributing "Michigan" cigarette stamps, reconciling the issued stamps with taxable pack sales, and performing civil inspections. Funding was provided in FY 1999-2000 through a FY 1998-99 supplemental.

The budget includes funding to implement 1999 PA 78 and 1999 PA 79 of 1999 regarding provision of wireless emergency telephone services. Funding for the program will come from a new \$0.55 monthly service fee charged to each wireless and cellular phone user in the state. Per statute, of the total revenue generated from this fee, \$2.9 million will be distributed to counties that have a final 911 plan in place, on an equal basis; \$4.3 million will be distributed to counties that have a final 911 plan in place, on a per capita basis; \$7.3 million will be distributed to provide and install equipment that implements wireless emergency service; \$837,000 will be distributed to the Michigan State Police for priority 911 projects; and \$436,000 will be distributed for training 911 personnel. Other significant increases in the FY 2000-01 budget over FY 1999-2000 include \$10.0 million to implement one of the recommendations made by the Lt. Governor's Commission on Financing Postsecondary Education, the Michigan Education Savings Plan; \$1.0 million GF/GP for a multi-state cooperative initiative to develop a voluntary use tax system for remote sellers; and \$5.6 million for the full-year costs of regulating Detroit casinos.

Three FY1999-2000 supplementals for the Department of Treasury-Operations total \$17.0 million. First, \$16.0 million is included to expand 911 emergency service state-wide. Second, \$1.0 million is appropriated to initiate MEAP test development. Third, a \$12.0 million Gross source shift replaces Michigan Merit Award Trust Fund for MEAP test administration with a like amount from the Tobacco Settlement Trust Fund.

**Number of State Income Tax Returns Processed Electronically
1994 through 2000**



MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

1. New Program - Michigan Education Savings Plan

The budget includes \$10.0 million Gross to implement recommendations contained in the final report of the Michigan Commission on Financing Postsecondary Education, the Michigan Education Savings Plan. This program provides a state match to encourage families to save for their children's education. Funding for this program is provided from tobacco settlement revenues.

FTEs 0.0
Gross \$10,000,000
 GF/GP \$0

2. New Program - Sales/Use Tax Multi-State Cooperative Initiative

The budget includes funding to develop a voluntary sales/use tax system for remote sellers. The recommended funding would be used to develop appropriate "no cost" software for remote sellers' use and tax service assistance, as well as to support related administrative costs within the Department. Initially, the program would be limited to a select group of states.

FTEs 0.0
Gross \$1,000,000
 GF/GP \$1,000,000

3. Program Enhancement - Tobacco Tax Stamp

The budget provides for continued support of cigarette stamping operations. FY 1999-2000 funding for this program was provided through a FY 1998-99 supplemental appropriation. Pursuant to 1997 PA 187, the Department is responsible for the acquisition and distribution of stamps, reconciliation of stamps, and inspection activity.

FTEs 5.0
Gross \$1,100,000
 GF/GP \$1,100,000

4. Program Enhancements - Casino Gaming

The budget includes full-year costs associated with the oversight and regulation of Detroit casinos. Funding will support staff in the Departments of Treasury, State Police, and Attorney General.

FTEs 34.0
Gross \$5,623,500
 GF/GP \$0

MAJOR BUDGET CHANGES: FY 2000-01**Budget Issue****Change from FY 1999-2000****5. New Program - Commercial Mobile Radio Service**

The budget provides funding to make payments according to 1999 PAs 78 and 79 concerning emergency 911 service. Pursuant to the legislation, a \$0.55 monthly fee is collected from wireless and mobile phone customers in the state. The funds are collected by mobile and wireless operators, remitted to the Treasury, and then distributed according to statute to assist in the development of an emergency 911 system for mobile and wireless communications.

FTEs	0.0
Gross	\$16,000,000
GF/GP	\$0

6. MEAP Test Administration / Tuition Incentive Program

Executive Order 1999-12 transferred the Michigan Educational Assessment Program from the Department of Education to Treasury in an attempt to align the program with the Michigan Merit Award Program, administered by Treasury. The FY 2000-01 budget reflects this transfer and provides an additional \$1.8 million for MEAP budget administration, including \$1.0 million for test development, \$500,000 for updating system technology applications, and \$300,000 for developing benchmarks upon which the MEAP test is based. This increase is funded from the Michigan Merit Award Trust Fund, which receives revenue from the national tobacco settlement.

FTEs	5.0
Gross	\$2,163,400
GF/GP	(\$363,400)

The budget also reflects the GF/GP transfer of the Tuition Incentive Program (TIP) from the Family Independence Agency to Treasury, representing an increase of \$363,400. This program would be supported by a funding shift with revenue from the Michigan Merit Award Trust Fund.

7. Health Insurance Reserve Fund Payment

Section 52 of 1996 PA 487 requires DMB to annually calculate the savings from implementing the new Defined Contribution retirement plan. Once estimated, these savings must be included in the Executive Budget recommendation for appropriation in the next succeeding fiscal year to the health insurance reserve fund of the State Employees Retirement System (SERS). Savings are what the state would have paid had these employees become members of the old defined benefit plan versus the new defined contribution plan. The budget supports the transfer of this payment to the Department of Management and Budget, representing a decrease of \$573,600 GF/GP.

FTEs	0.0
Gross	(\$573,600)
GF/GP	(\$573,600)

ECONOMICS: FY 2000-01***Economic Adjustments***

The budget includes a net increase for standard economic adjustments associated with salaries and wages, insurances, retirement, building occupancy charges, and worker's compensation.

FTEs	0.0
Gross	\$6,487,400
GF/GP	\$2,442,000

MAJOR BOILERPLATE CHANGES: FY 2000-01**1. Federal Fuel Dye System Program**

The budget deletes language which requires the Department to submit a report on state implementation of the Federal Fuel Dye System program.

MAJOR BOILERPLATE CHANGES: FY 2000-01

2. MEAP Test Administration

Section 933 of the budget includes new language that requires the Department to provide tests to nonpublic schools and home-schooled students upon request, requires the Department to notify nonpublic schools that they are eligible to receive the test without cost to them, requires the Department to release test results at the same time to all private and public school districts taking the test, specifies that \$200,000 shall be expended to expedite the reporting of test results and to improve the method of reporting the results to enable students to accurately interpret information, requires the Department to report on the method used to report the test results to school districts, directs the Department to notify the House and Senate appropriation committees if there is not sufficient revenue to administer the program, states that tests be administered on a timely basis whether there is sufficient revenue or not, and specifies that any deficits in amounts received from tobacco settlement revenue be appropriated from the state GF/GP.

3. Unclaimed Property Services

The budget includes new language (Sec. 934) which authorizes the Department to sell lists of unclaimed property, sets the rates for the sale of such records, and requires an annual report to the Legislature on the sale of information.

4. Department Publications

The budget includes new language (Sec. 935) which requires the Department to notify all tax preparer entities of opportunities to be included in directories, lists, or similar publications as tax preparers who support electronic tax filing. Also, the language prohibits the Department from distributing discount or rebate programs sponsored by a private business entity.

5. Tobacco Settlement Revenue

The budget includes new language (Sec. 936) which states that funding from the Michigan Merit Award Trust Fund consists of a portion of tobacco settlement revenue received by the state.

6. Michigan Education Savings Plan Program

The budget includes new language (Sec. 960) which provides criteria for the Michigan Education Savings Plan program, specifies that the Tobacco Settlement Trust Fund is the funding source, and sets the maximum state match amount for each account at \$200.

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. Commercial Mobil Radio Service Payments

Supplemental appropriations are provided to implement the provisions of 1999 PAs 78 and 79 which support the expansion of 911 emergency wireless services state-wide.

FTEs	0.0
Gross	\$16,000,000
GF/GP	\$0

2. MEAP Test Development

Additional funding is provided to continue development of MEAP test questions.

FTEs	0.0
Gross	\$1,000,000
GF/GP	\$0

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

3. MEAP Administration Fund Source Shift

Executive Order 1999-12 transferred MEAP test administration from the Department of Education to the Department of Treasury. In order to reflect the transfer, a fund source shift of \$13.0 million is provided from the Michigan Merit Award Trust Fund to the Tobacco Settlement Trust Fund.

FTEs	0.0
Gross	\$0
GF/GP	\$0

BUREAU OF STATE LOTTERY

PUBLIC ACT 276 OF 2000

Analyst: Steve Stauff

HB 5278

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	202.0	202.0	0.0	0.0
GROSS	\$36,152,100	\$36,658,600	\$506,500	1.4
IDG/IDT	0	0	0	0.0
ADJUSTED GROSS	\$36,152,100	\$36,658,600	\$506,500	1.4
FEDERAL	0	0	0	0.0
LOCAL	0	0	0	0.0
PRIVATE	0	0	0	0.0
STATE RESTRICTED	36,152,100	36,658,600	506,500	1.4
GF/GP	\$0	\$0	\$0	0.0

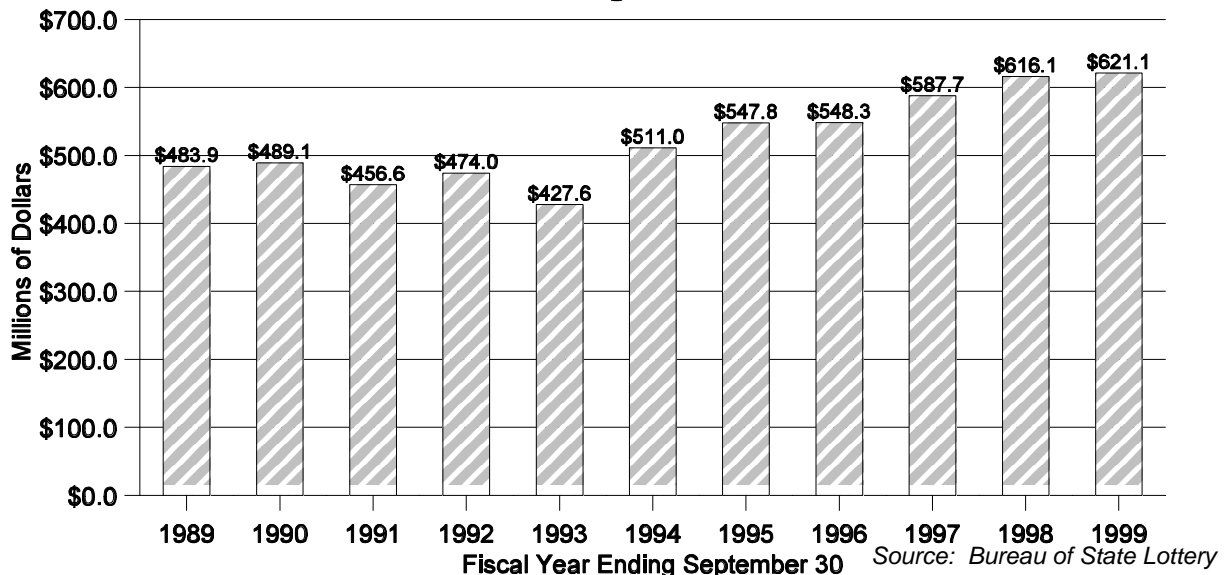
OVERVIEW - BUREAU OF STATE LOTTERY

The Bureau of State Lottery is a Type 1 agency within the Department of Treasury. Under the direction of the Lottery Commissioner, the Bureau administers all state lottery games and regulates bingo and other forms of charitable gaming. The mission of the Bureau is to maximize net revenues for the School Aid Fund for K-12 education.

The FY 2000-01 budget provides an increase of 1.4% Gross over current-year appropriation levels for the Bureau of State Lottery. All operations of the Bureau are financed by revenues from lottery game sales without any General Fund support.

The chart below shows 11 consecutive years of net lottery revenue provided to the School Aid Fund.

Net Lottery Revenues to the School Aid Fund
FY 1988-89 through FY 1998-99



MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

None

Change from FY 1999-2000

ECONOMICS: FY 2000-01

Economic Adjustments

The budget includes a net increase for standard economic adjustments associated with salaries and wages, insurance for employees, retirement, building occupancy charges, and worker's compensation.

FTEs	0.0
Gross	\$506,500
GF/GP	\$0

General Government - State Lottery

MAJOR BOILERPLATE CHANGES: FY 2000-01

None

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

None

TREASURY - REVENUE SHARING/DEBT SERVICE PUBLIC ACT 276 OF 2000

Analyst: Steve Stauff

HB 5278

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	0.0	0.0	0.0	0.0
GROSS	\$1,564,639,500	\$1,692,185,500	\$127,546,000	8.2
IDG/IDT	0	0	0	0.0
ADJUSTED GROSS	\$1,564,639,500	\$1,692,185,500	\$127,546,000	8.2
FEDERAL	0	0	0	0.0
LOCAL	700,000	700,000	0	0.0
PRIVATE	0	0	0	0.0
STATE RESTRICTED	1,462,822,000	1,600,600,000	137,778,000	9.4
GF/GP	\$101,117,500	\$90,885,500	(\$10,232,000)	(10.1)

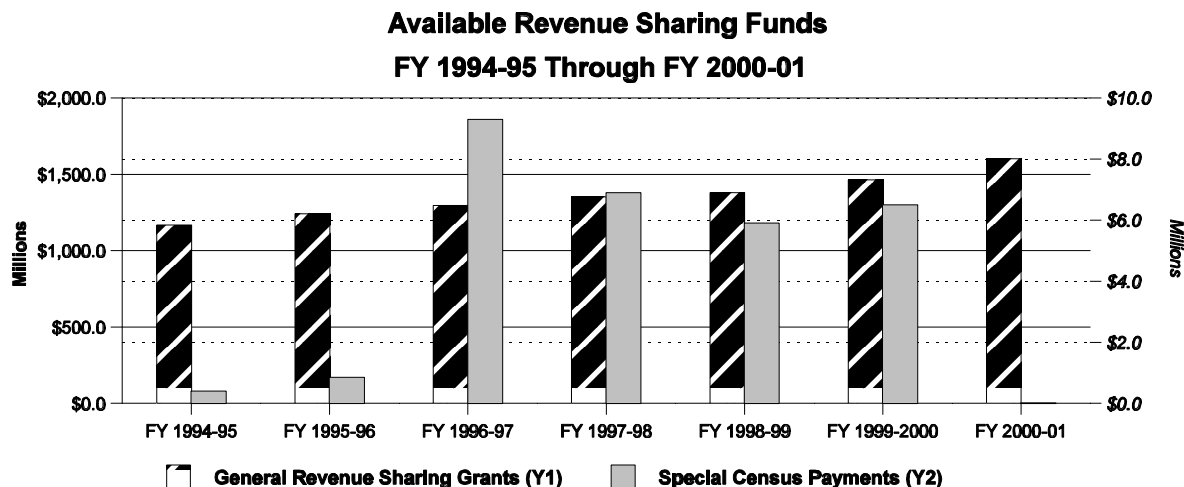
OVERVIEW - DEPARTMENT OF TREASURY REVENUE SHARING/DEBT SERVICE

The Department of Treasury administers the various revenue sharing programs to local units of government. The FY 2000-01 budget provides for two revenue sharing programs: constitutional state general revenue sharing grants and statutory state general revenue sharing grants. As a result of the upcoming 2000 census, revenue sharing payments under the Special Census Revenue Sharing Program are eliminated.

The FY 2000-01 budget provides an increase of \$137.8 million or 9.4% in total revenue sharing payments over the current fiscal year. In total, over \$1.6 billion is provided for revenue sharing, representing the full statutory amount available based on consensus revenue estimating figures. FY 2000-01 payments will be based on new population figures from the 2000 census. Cities, villages, and townships experiencing a population increase of 10% or greater as a result of the 2000 census will not be subject to the 8% aggregate payment cap contained in statute.

Debt service for four general obligation bond programs also appears in the Department of Treasury's budget: Water Pollution Control Bonds, School Bond Loans, Quality of Life Bonds, and Clean Michigan Initiative Bonds. Aggregate debt service is reduced by \$2.5 million to reflect the debt service payments under these programs in FY 2000-01.

The chart below shows the funding available for general revenue sharing grants and special census payments from FY 1994-95 through FY 2000-01.



Source:
House Fiscal Agency

General Government - Treasury Revenue Sharing/Debt Service

MAJOR BUDGET CHANGES: FY 2000-01

<u>Budget Issue</u>	<u>Change from FY 1999-2000</u>	
1. Revenue Sharing Grants	FTEs	0.0
The bill includes additional authorization to provide cities, villages, and townships with revenue sharing payments pursuant to Article IX Section 10 of the Constitution. The statutory increase for cities, villages, townships, and counties is based on the most recent conference revenue estimates and reflects the full amount of sales tax revenue projected to be available at that time.	Gross	\$138,100,000
	GF/GP	\$0
2. Special Census Revenue Sharing Grants	FTEs	0.0
The budget eliminates special census revenue sharing payments which, by law, are not authorized following the federal census.	Gross	(\$6,500,000)
	GF/GP	(\$6,500,000)
3. Debt Service Payments	FTEs	0.0
Based on debt reduction schedules, the budget reduces the amount of funding necessary to satisfy debt service on general obligation debt in FY 2000-01. The budget reflects debt service payments for the bonds recently issued under Clean Michigan Initiative. Total debt service for general obligation debt is \$90.9 million in FY 2000-01.	Gross	(\$2,547,000)
	GF/GP	(\$2,547,000)

ECONOMICS: FY 2000-01

None

MAJOR BOILERPLATE CHANGES: FY 2000-01

- 1. Local Revenue Sharing Boards**
The budget includes new language (Sec. 938) which does the following: permits appropriations for local government programs to be used for providing assistance to local revenue sharing boards; specifies that an agreement that establishes a local revenue sharing board is validated, ratified, and confirmed, and the provisions of the agreement are declared to be binding and effective; requires local revenue sharing boards to comply with the Open Meetings Act; authorizes a county treasurer to receive and administer funds for and on behalf of local revenue sharing boards; authorizes the Director of the Department of State Police and the Executive Director of the Michigan Gaming Control Board to assist the local revenue sharing boards with determining allocations to be made to local public safety organizations; and requires the Department of Treasury to report on the receipts and distribution of revenues by local revenue sharing boards.
- 2. Statutory Revenue Sharing - Headlee Payments**
The budget includes new language (Sec. 958) which prohibits consideration of statutory revenue sharing payments in compliance with Article IX, Section 29 of the Constitution.

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. Special Census Revenue Sharing Payments

Supplemental funding is provided for making special census revenue sharing payments to cities, villages, and townships which demonstrate that their population grew by at least 10% since the federal census in 1990. All population growth over the rate of growth in the total state population for the same period is credited for funding under this appropriation.

FTEs	0.0
Gross	\$1,200,000
GF/GP	\$1,200,000

2. Revenue Sharing Hold Harmless Payments

Funding is provided for making supplemental revenue sharing payments to counties which demonstrate that their year 2000 population is less than their 1990 population, based on the United States Bureau of Census data.

FTEs	0.0
Gross	\$322,000
GF/GP	\$0

**FY 2000-01
Budget Detail
for
HUMAN SERVICES**

**Community Health
Corrections
Family Independence Agency**

COMMUNITY HEALTH

PUBLIC ACT 296 OF 2000

Analysts:
Margaret Alston, Bill Fairgrieve, and Susan Frey

SB 964

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	6,138.3	6,264.1	125.8	2.0
GROSS	\$8,222,816,900	\$8,562,877,900	\$340,061,000	4.1
IDG/IDT	69,609,900	72,087,300	2,477,400	3.6
ADJUSTED GROSS	\$8,153,207,000	\$8,490,790,600	\$337,583,600	4.1
FEDERAL	4,233,391,600	4,461,470,600	228,079,000	5.4
LOCAL	825,031,700	910,969,100	85,937,400	10.4
PRIVATE	64,304,800	49,649,300	(14,655,500)	(22.8)
STATE RESTRICTED	390,484,900	381,710,400	(8,774,500)	(2.2)
GF/GP	\$2,639,994,000	\$2,686,991,200	\$46,997,200	1.8

NOTE: FY 1999-2000 Year-to-Date Appropriations include the changes made by 2000 PA 52 (HB 4305), 2000 PA 291 (SB 968), and contingency fund transfers.

OVERVIEW - COMMUNITY HEALTH

The Department of Community Health (DCH) budget provides funding for Mental Health, Public Health, and Medicaid services. Also included is funding for the Office of Drug Control Policy, the Office of Services to the Aging, and the Crime Victim Services Commission. Gross appropriations for FY 2000-2001 are \$8.6 billion, of which \$2.7 billion is from GF/GP revenues. This represents a 4.1% increase in Gross appropriations and a 1.8% increase in GF/GP appropriations over the FY 1999-2000 year-to-date funding. The lower adjustment in GF/GP is made possible by \$62.7 million in GF/GP savings from an increase in the federal Medicaid matching rate from 55.11% to 56.18%, elimination of certain one-time funding adjustments, and efforts to maximize the use of federal funds.

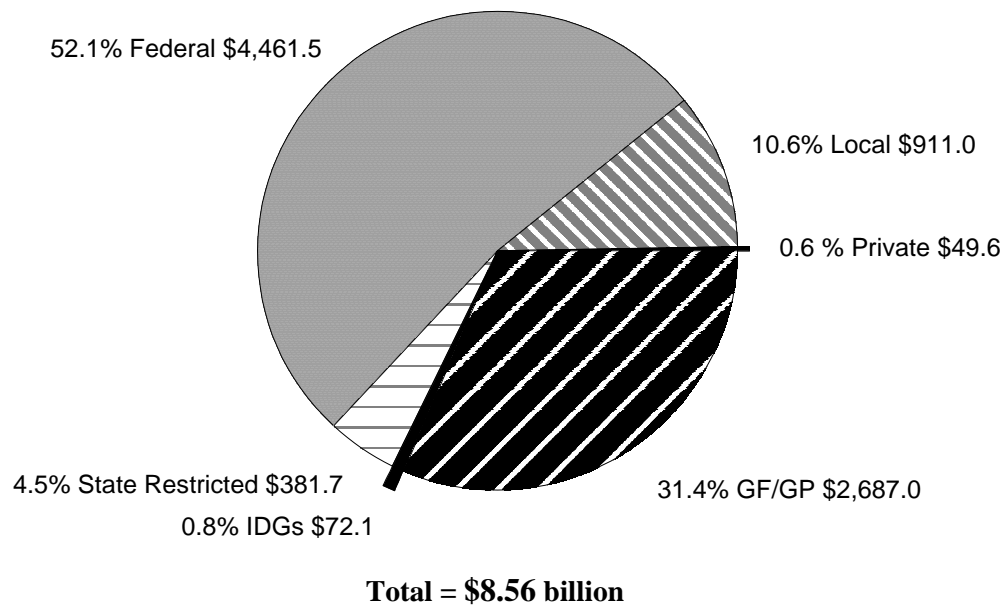
Mental health initiatives in the budget include \$3.6 million in GF/GP savings by funding the psychiatric residency program through anticipated Medicaid surpluses in the Graduate Medical Education payments. Financial responsibility for most psychotropic medications provided to Medicaid recipients is being transferred from qualified health plans and will be reimbursed on a fee-for-service basis. As a result, \$42.4 million is added to pharmaceutical services for psychotropic drug costs with most of the funding shifted from other parts of the budget. The budget maintains the current reimbursement policy for Medicaid mental health services on behalf of persons with retroactive eligibility. An additional \$1.0 million in federal TANF funds is recommended for Family Independence Agency recipients who are required to obtain substance abuse treatment as a condition of eligibility for public assistance. Also included is \$1.1 million for the increased pharmacy costs for state psychiatric hospitals, centers for persons with developmental disabilities, and the Forensic Center. Casino revenue is increased by \$500,000 for services to address gambling addiction.

In the public health area, an additional \$1.2 million (3.0%) is allocated to local health departments for increased costs associated with required basic public health services. An increase of \$2.3 million is provided for immunization local agreements to expand efforts to increase the number of children receiving full immunizations. A fund source change for the Family Support Subsidy program replaces \$7.0 million in GF/GP funding with federal TANF funds. A \$4.8 million increase in Healthy Michigan Fund appropriations with total funds directed to more than 40 programs and targeted projects.

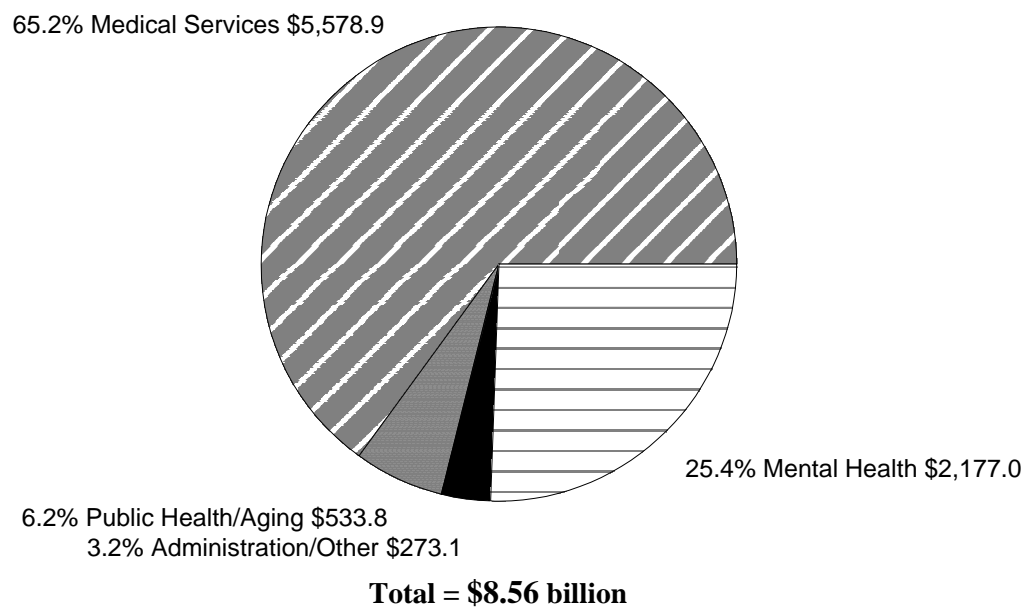
The Crime Victim Services Commission budget includes an additional \$6.0 million in federal justice assistance grant funds for community programs providing services to crime victims. Added to the Aging budget area is \$1.8 million to expand senior volunteer services programs.

The Medical Services portion of the budget includes a \$1.2 million increase in primary care grants and funding for the University of Detroit-Mercy Dental Clinic. Additional Medicaid costs of \$233.7 million are budgeted for increases in Medicaid provider payment rates for health plans (11.7%), inpatient hospital services (4.0%), outpatient hospital services (7.0%), physician services (9.0%), nursing home services (5.4%, which includes a \$0.50/hour wage pass-through), auxiliary medical services (5.0%), home health services (4.0%), personal care services (4.0%), and a \$0.05 increase in the pharmacy dispensing fee. Indigent medical care is increased by \$10.0 million in tobacco settlement revenues to expand health care coverage for low-income persons who do not qualify for Medicaid; one-time funding in the amount of \$10.0 million from Tobacco Settlement Revenue is also provided for rural health initiatives. Funding adjustments for the Elder Prescription Insurance Program (EPIC) include savings from delaying implementation of the program until January 1, 2000, not budgeting \$15.0 million in premiums and copayments, transferring \$4.5 million from the Michigan Emergency Pharmaceutical Program, and increasing tobacco settlement revenues by \$3.0 million.

**Department of Community Health
FY 2000-01 Sources of Funding (Millions)**



**Department of Community Health
FY 2000-01 Appropriations (Millions)**



MAJOR BUDGET CHANGES: FY 2000-01Budget IssueChange from FY 1999-2000**DEPARTMENT-WIDE ADMINISTRATION****1. *Departmental Administration and Management***

The enacted budget includes an additional \$1.2 million Gross and GF/GP for the purchase of Microsoft Office Suite licenses for 4,734 desktop and laptop computers.

FTEs	0.0
Gross	\$1,200,000
GF/GP	\$1,200,000

2. *Roll Up of Line Items - Department-wide Administration*

The rent and building occupancy line items are combined in the FY 2000-01 budget. These funds represent payments for space at privately-owned buildings and state-owned buildings, respectively.

FTEs	0.0
Gross	\$0
GF/GP	\$0

MENTAL HEALTH/SUBSTANCE ABUSE**3. *Purchase of Psychiatric Residency Training***

The enacted budget eliminates funds for the psychiatric residency program that, among other things, establishes and maintains collaborative relations with the schools of medicine at Michigan State University and Wayne State University to enhance the relevant application of new knowledge in psychiatric fields. Section 1658 specifies that this program will be funded through existing Medicaid Graduate Medical Education allocations that include a psychiatric residency component.

FTEs	0.0
Gross	(\$3,635,100)
GF/GP	(\$3,635,100)

4. *Gambling Addiction*

An additional \$500,000 from increased casino revenue is included in the budget for services to address gambling addiction.

FTEs	0.0
Gross	\$500,000
GF/GP	\$0

5. *Psychotropic Drug Costs for Community Mental Health (CMH) Medicaid Managed Care Program*

The budget, as enacted, includes the transfer of \$42.4 million Gross and \$18.5 million GF/GP to the Pharmaceutical Services line item for the psychotropic drug costs associated with the CMH Medicaid managed care program. The financial responsibility for these drug expenditures is being shifted from Medicaid qualified health plans and will be reimbursed on a fee-for-service basis.

FTEs	0.0
Gross	(\$16,400,000)
GF/GP	(\$7,149,700)

Of the \$42.4 million being transferred, \$18.0 million Gross, \$7.9 million GF/GP is from Medicaid health plan services, \$3.5 million Gross and GF/GP is transferred from CMH non-Medicaid services, and \$4.5 million in additional federal Medicaid revenue is anticipated to be earned on the funds shifted from CMH non-Medicaid services. The net reduction of \$16.4 million Gross and \$7.1 million GF/GP is projected to come from surplus capitated CMH payments for the current fiscal year.

6. *Medicaid Substance Abuse Services*

An additional \$3.5 million Gross and \$1.6 million GF/GP is included in the budget for Medicaid substance abuse services. Of this amount, \$1.3 million Gross and \$600,000 GF/GP is transferred from the CMH Medicaid managed care program; \$1.0 million Gross and GF/GP is transferred from community substance abuse prevention, education, and treatment programs; and \$1.1 million in additional federal Medicaid revenue is anticipated to be earned.

FTEs	0.0
Gross	\$3,451,000
GF/GP	\$1,600,000

MAJOR BUDGET CHANGES: FY 2000-01

<u>Budget Issue</u>	<u>Change from FY 1999-2000</u>	
7. Community Substance Abuse Prevention, Education, and Treatment Programs	FTEs	0.0
	Gross	\$1,000,000
The enacted budget includes an additional \$1.0 million in TANF funds for community substance abuse prevention, education, and treatment programs. These funds are for Family Independence Agency recipients who are required to obtain substance abuse treatment as a condition of eligibility for public assistance.	GF/GP	\$0
8. Redirection of Funds - Community Mental Health Services Programs (CMHSPs)	FTEs	0.0
	Gross	\$0
The FY 2000-01 budget redirects \$4.0 million Gross and GF/GP from community mental health non-Medicaid services to CMHSP, purchase of state services contracts. This change reflects a projected increase of 100.0 in the average patient census at state psychiatric hospitals and centers for persons with developmental disabilities.	GF/GP	\$0
9. State Psychiatric Hospitals, Centers for Persons with Developmental Disabilities, and Forensic Center	FTEs	0.0
	Gross	\$1,140,600
An additional \$1.1 million Gross and GF/GP is included in the budget for state psychiatric hospitals, centers for persons with developmental disabilities, and the Forensic Center to reflect increased pharmacy costs.	GF/GP	\$1,140,600
10. Multicultural Services	FTEs	0.0
	Gross	\$288,000
A one-time increase of \$288,000 is included in the budget for multicultural services to be provided by the Michigan Jewish Council.	GF/GP	\$288,000
PUBLIC HEALTH		
11. Childhood Immunization Program	FTEs	0.0
	Gross	\$2,267,800
The enacted budget includes an increase of \$2.3 million Gross and GF/GP for the childhood immunization program to increase the number of children receiving their full set of immunizations, and as a response to a decline in federal funding available over the last several years.	GF/GP	\$2,267,800
12. Local Public Health Operations	FTEs	0.0
	Gross	\$1,196,200
A 3.0% economic increase of \$1.2 million Gross and GF/GP for local public health operations payments distributed to local public health departments is included in the enacted budget.	GF/GP	\$1,196,200
13. Family Support Subsidy Shift in Source of Funds from GF/GP to TANF	FTEs	0.0
	Gross	\$0
The budget authorizes a shift in funding for the Family Support Subsidy program of \$7.0 million. The adjustment replaces GF/GP with federal TANF funds. As a result, the total program costs of \$14.3 million are funded entirely with TANF.	GF/GP	(\$7,006,900)

MAJOR BUDGET CHANGES: FY 2000-01**Budget Issue****Change from FY 1999-2000****14. Healthy Michigan Fund**

The enacted budget includes a net increase of \$4.8 million appropriated from the Healthy Michigan Fund for FY 2000-01, reducing or eliminating appropriations totaling \$2.5 million in eight program areas, and increasing or initiating Healthy Michigan Fund appropriations totaling \$7.3 million in 14 program areas. Increases include funding for a new lead abatement revolving loan fund program, worksite and employee wellness activities, a Parkinson's Disease initiative, spinal cord injury prevention services, an obesity initiative, diabetes outreach center support, the Michigan fish advisory publication, and colorectal cancer prevention and control.

FTEs	0.0
Gross	\$4,805,000
GF/GP	\$0

15. Vital Records Fee Increase

The budget allocates \$200,000 of additional revenue from an anticipated vital records fee increase to upgrade and enhance the computerized record keeping system of vital records. A fee increase must be enacted by statutory amendment to Section 2891 of the Public Health Code.

FTEs	0.0
Gross	\$200,000
GF/GP	\$0

16. Asthma Intervention Program

Additional funding of \$300,000 GF/GP is included in the budget to establish an ongoing state-wide, community-based asthma intervention program, and to continue surveillance activities begun with federal funds that are no longer available to the state.

FTEs	0.0
Gross	\$300,000
GF/GP	\$300,000

17. Child Car Seat Safety Grants

The budget provides \$300,000 GF/GP to support a new child car seat safety grant program for the purpose of providing grants for training, promotion, and education concerning child restraint system use requirements of the Michigan Vehicle Code.

FTEs	0.0
Gross	\$300,000
GF/GP	\$300,000

18. Early Childhood Collaborative

The enacted budget includes an additional \$450,000 GF/GP for the ages 0-3 early childhood collaborative program jointly administered by the Family Independence Agency and the Department of Education.

FTEs	0.0
Gross	\$450,000
GF/GP	\$450,000

19. Adolescent Health Care Centers

The FY 2000-01 budget appropriates an increase of \$850,000 GF/GP for adolescent health care clinics, approximately half to be distributed as a 15.0% increase to teen health centers that are funded in the current year, and the remaining amount as an increase in funds that are distributed based on number of users, visits, and services.

FTEs	0.0
Gross	\$850,000
GF/GP	\$850,000

20. Dental Programs

Included in the budget is a \$250,000 GF/GP increase in funding for volunteer dental services that are provided for uninsured persons and persons who have difficulty accessing dental services.

FTEs	0.0
Gross	\$250,000
GF/GP	\$250,000

21. Women's Cardiovascular Health Program

The budget allocates a one-time appropriation of \$1.1 million for a women's cardiovascular health program from court settlement revenue anticipated to be received by the state in FY 2000-01.

FTEs	0.0
Gross	\$1,086,000
GF/GP	\$0

MAJOR BUDGET CHANGES: FY 2000-01

<u>Budget Issue</u>	<u>Change from FY 1999-2000</u>	
22. Non-Medicaid MICH-Care The enacted budget includes an additional \$696,000 GF/GP to meet increased program costs for the non-Medicaid MICH-Care program providing prenatal care for uninsured pregnant women.	FTEs	0.0
	Gross	\$696,000
	GF/GP	\$696,000
23. Children's Waiver Home Care Program The budget provides a gross increase of \$651,400 as a 4.0% increase for home health services delivered to children's waiver home care program participants, concurrent with the Medicaid program 4.0% increase provided for these services.	FTEs	0.0
	Gross	\$651,400
	GF/GP	\$285,400
CRIME VICTIM SERVICES COMMISSION	FTEs	0.0
24. Federal Justice Assistance Grants An increase of \$6.0 million Gross in federal justice assistance grant funds is included in the budget. This brings the total for grants available to community programs that provide assistance services to victims of crime to \$15.0 million.	Gross	\$6,000,000
	GF/GP	\$0
OFFICE OF SERVICES TO THE AGING	FTEs	0.0
25. Senior Home Care Programs An increase of \$1.0 million is appropriated for programs providing home care options to Michigan's frail elderly citizens, using state restricted Healthy Michigan Funds.	Gross	\$1,000,000
	GF/GP	\$0
26. Senior Volunteer Programs The budget includes a \$1.8 million GF/GP increase to expand senior volunteer services programs.	FTEs	0.0
	Gross	\$1,779,200
	GF/GP	\$1,779,200
MEDICAL SERVICES	FTEs	0.0
27. Palliative and Hospice Care A reduction of \$175,000 is made for education programs related to palliative care, hospice, and end-of-life care. A fund source shift of \$516,200 from Healthy Michigan Funds to GF/GP is also included.	Gross	(\$175,000)
	GF/GP	\$516,200
28. Primary Care Services The enacted budget increases funding by \$651,800 for primary care services grants, and by an additional \$500,000 for the University of Detroit-Mercy Dental Clinic.	FTEs	0.0
	Gross	\$1,151,800
	GF/GP	\$1,151,800
29. Ticket to Work Program Funds are provided to explore options to extend health coverage for the working disabled through the federal "Ticket to Work and Work Incentives Improvement Act of 1999."	FTEs	0.0
	Gross	\$50,000
	GF/GP	\$50,000
30. Rural Health Initiative The enacted budget includes \$10.0 million in one-time funding from tobacco settlement revenue for rural health initiatives targeted to emergency medical services, medical equipment, and technology.	FTEs	0.0
	Gross	\$10,000,000
	GF/GP	\$0
31. Hospital Services and Therapy A 4.0% Medicaid rate increase for inpatient services and a 7.0% increase for outpatient services is funded at a cost of \$20.9 million.	FTEs	0.0
	Gross	\$20,924,300
	GF/GP	\$9,169,000

MAJOR BUDGET CHANGES: FY 2000-01

<u>Budget Issue</u>	<u>Change from FY 1999-2000</u>	
32. Physician Services For a 9.0% Medicaid rate increase for physician services, \$12.4 million is provided; \$2.9 million is added for a new case rate for emergency physician professional charges.	FTEs	0.0
	Gross	\$15,289,600
	GF/GP	\$6,699,800
33. Pharmacy Dispensing Fee An increase in the Medicaid pharmacy dispensing fee by \$0.05, from \$3.72 to \$3.77, is included at a cost of \$570,000.	FTEs	0.0
	Gross	\$570,000
	GF/GP	\$249,800
34. Home Health Services A 4.0% Medicaid rate increase for home health services totaling \$1.1 million is provided.	FTEs	0.0
	Gross	\$1,084,000
	GF/GP	\$475,000
35. Auxiliary Medical Services A 5.0% Medicaid rate increase for auxiliary medical services totaling \$3.2 million is included.	FTEs	0.0
	Gross	\$3,205,000
	GF/GP	\$1,404,400
36. Long Term Care Services A 5.4% increase for nursing home services totaling \$51.8 million is provided which includes funding for a \$0.50 per hour employee wage pass-through.	FTEs	0.0
	Gross	\$51,752,000
	GF/GP	\$22,677,700
37. Health Plan Services The budget includes an 11.7% increase to reflect the costs associated with the re-bid for health plan services with additional funding of \$139.7 million.	FTEs	0.0
	Gross	\$139,683,700
	GF/GP	\$61,209,400
38. Personal Care Services A 4.0% Medicaid rate increase is provided for personal care services totaling \$1.2 million.	FTEs	0.0
	Gross	\$1,166,500
	GF/GP	\$511,200
39. State and Local Indigent Medical Programs Tobacco settlement revenues in the amount of \$10.0 million are allocated to increase health care coverage for low-income persons who do not qualify for Medicaid.	FTEs	0.0
	Gross	\$10,000,000
	Restricted	\$10,000,000
	GF/GP	\$0
40. Elder Prescription Insurance Program (EPIC) Implementation of the Elder Prescription Insurance Program is funded effective January 1, 2001, instead of July 1, 2000. Overall, funding is lowered from \$45.0 million to \$37.5 million due to several changes which include: an increase of \$3.0 million in tobacco settlement revenues, a transfer of \$4.5 million GF/GP from the Michigan Emergency Pharmaceutical Program which is to be phased out when EPIC is implemented, and treating \$15.0 million in premiums and copayments from program participants as an offset to program expenditures.	FTEs	0.0
	Gross	(\$7,499,300)
	Private	(\$15,000,000)
	Restricted	\$4,500,700
	Tobacco	\$3,000,000
	GF/GP	\$0
41. Children's Special Health Care Services and Adult Home Help Increases are appropriated for Children's Special Health Care Services (\$16.0 million) and the Adult Home Help Program (\$4.6 million) to reflect higher caseloads and average payments in the two programs.	FTEs	0.0
	Gross	\$20,604,800
	GF/GP	\$11,217,700

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

42. Medicaid Special Financing Payments

A series of Medicaid special financing adjustments are recognized to maximize the earning of federal matching funds and reduce the amount of state funds needed for the Medicaid program; \$13.5 million is added to reflect changes in the current year from the appropriated level. There is an additional \$49.7 million appropriated for increases in Long-Term Care and Outpatient Hospital Adjustor Payments.

FTEs 0.0
Gross \$63,209,200
 GF/GP (\$12,562,500)

43. Financing Change - Federal Match Increase

Federal funding is increased by \$62.7 million and GF/GP is decreased by the same amount to reflect an increase in the federal Medicaid matching rate (FMAP) from 55.11% to 56.18%. The FMAP rate varies from year to year based on a formula related to state per capita income levels for the most recent three-year period that data is available.

FTEs 0.0
Gross \$0
 GF/GP (\$62,677,400)

44. Encounter Data System

Additional funding of \$1.6 million is included for the last phase of the Medicaid encounter data system which is being developed to monitor services provided to persons enrolled in qualified health plans. This will enable the Department to analyze the data and prepare managed care utilization reports. Seventy-five percent of the cost of the system enhancements are financed with federal Medicaid funds.

FTEs 0.0
Gross \$1,600,000
 GF/GP \$400,000

ECONOMICS: FY 2000-01

Economic Increases

The enacted budget includes \$26.8 million for economic increases throughout the Department in the following categories:

FTEs 0.0
Gross \$26,806,900
 GF/GP \$11,741,200

a. Unclassified Positions

An increase of \$13,700 is included in the budget for the Director and other unclassified FTE positions. This adjustment represents an increase of 2.5% from the FY 1999-2000 appropriation.

FTEs 0.0
Gross \$13,700
 GF/GP \$13,700

b. Salaries and Wages

An additional \$10.9 million Gross and \$4.8 million GF/GP is included in the budget for classified employees' salaries and wages (adjustments include a 2.0% base increase over FY 1999-2000 and lump sum payments).

FTEs 0.0
Gross \$10,912,000
 GF/GP \$4,820,500

c. Insurance

An additional \$5.2 million Gross and \$2.3 million GF/GP is included in the budget for state employees' insurance costs.

FTEs 0.0
Gross \$5,185,300
 GF/GP \$2,299,800

d. Other

An additional \$676,300 Gross and \$8,800 GF/GP is included in the budget for items such as food, rent, building occupancy, and worker's compensation costs.

FTEs 0.0
Gross \$676,300
 GF/GP \$8,800

MAJOR BOILERPLATE CHANGES: FY 2000-01

GENERAL

1. Contingency Funds

Section 206 increases both the limits on state restricted contingency funds and local contingency funds from \$10.0 million to \$20.0 million.

2. Report on Medicaid Managed Mental Health Care Program

Section 217 modifies current-year language that requires a report on the amount of funding paid to CMHSPs to support the Medicaid managed mental health care program in each month to include a year-to-date summary of eligibles and expenditures for the program.

DEPARTMENT-WIDE ADMINISTRATION

3. First-Party Payments

Section 303 modifies current-year language that prohibits the Department from requiring first-party payments from individuals or families with a taxable income of \$10,000 or less for mental health services to include determinations made in accordance with Section 818 of the Mental Health Code.

MENTAL HEALTH/SUBSTANCE ABUSE

4. State-wide Survey of Adolescent Suicides

Section 352 is new language requiring the Department to conduct a state-wide survey of adolescent suicides and assessment of available preventative resources.

5. Report on CMHSPs

Section 404 revises current-year language so that a report on CMHSPs also includes information on the number of people requesting services who are on waiting lists for services and the average length of time that people remained on waiting lists for services.

6. Competitive Procurement of Medicaid Mental Health and Substance Abuse Service Contracts

Section 413 revises current-year language that requires a plan on the competitive procurement of contracts to manage Medicaid mental health, developmental disabilities, and substance abuse services to continue a carve-out for specialty services for persons with developmental disabilities and mental illness and requiring substance abuse services.

7. Medicaid Substance Abuse Services

Section 414 modifies current-year language to require that Medicaid substance abuse services are to be managed by selected CMHSPs pursuant to the federal Health Care Financing Administration's approval of Michigan's 1915(b) waiver request to implement a managed care plan for specialized substance abuse services.

8. Psychotropic Medications

Section 416 is new language providing that CMH boards will not be held liable for the cost of prescribed psychotropic medications during FY 2000-01 and if overexpenditures result from implementing this section that lapses credited to CMH line items include only appropriation lapses in excess of the 5.0% carryforward defined in state statute. The Department is required to provide quarterly reports on the type, number, cost, and prescribing patterns of Medicaid providers on psychotropic medications. The Department is also required to recommend the transfer of appropriation lapses if expenditures for Medicaid mental health services exceed appropriations due to an increase in the number or mix of Medicaid eligibles.

9. Regional Partnerships for CMH Boards

Section 417 expresses legislative intent that the Department support pilot projects by CMH boards to establish regional partnerships whose purpose is to expand consumer choice, promote service integration, and produce efficiencies through the coordination of efforts.

MAJOR BOILERPLATE CHANGES: FY 2000-01**PUBLIC HEALTH****10. *Medicaid Outreach Through Local Health Departments***

Section 905 directs the Department to allocate existing funding of \$8.5 million to local public health departments to provide outreach and support services for EPSDT, Medicaid, and maternal and infant support services.

11. *Clinton River Study*

Section 906 directs the Department to allocate \$50,000 for a study to identify Clinton River watershed pollution sources.

12. *Lead Hazard Remediation Revolving Loan Fund Program*

Section 907 directs the Department to establish a lead hazard remediation revolving loan fund program with a \$1.0 million appropriation to make loans available to qualified low-income homeowners for the purpose of lead abatement to the homes in which they reside. Loans are to be offered at a 2.0% interest rate. The program may be jointly administered by the Department and the Michigan State Housing Development Authority.

13. *Smoking Prevention Grant Allocation*

Section 1022 directs the Department to allocate \$1.5 million as one-time funding to enable eligible state and local municipalities to apply for American Legacy Foundation grants which are intended to decrease and prevent tobacco consumption among all ages and populations.

14. *Funding Formula for Adolescent Health Care Teen Centers*

Section 1103 modifies current-year language to establish that funds for adolescent health care teen centers be distributed at no less than 115.0% of what was allocated to each teen center in FY 1999-2000, with the remainder of the funds distributed by formula on the basis of number of users, visits, and services.

OFFICE OF SERVICES TO THE AGING**15. *Respite Care Administrative Fund Limit***

Section 1406 modifies current-year language to establish that of the \$5.0 million of tobacco settlement funds appropriated for the respite care program, no more than 10.0% shall be expended for administration and administrative expenses.

16. *Area Agency on Aging Membership and Restriction in Delivery of Direct Services*

Section 1413 establishes the Legislature's support of local counties in changing membership of area agencies on aging in their region, and the Legislature's intent to prohibit area agencies on aging from providing direct services, unless a waiver has been received from the Department.

17. *In-Home Services*

Section 1416 establishes the Legislature's commitment to provide in-home services, resources, and assistance for the frail elderly who are not being served by the Medicaid home and community services waiver program.

MEDICAL SERVICES**18. *Medicaid Buy-In Program for Working Disabled***

Section 1505 directs the Department to explore options for extending health coverage to the working disabled through the federal "Ticket to Work" legislation.

19. *Primary Care Services*

Section 1506 appropriates an amount not to exceed \$3.2 million to enhance the capacity of federally-qualified health centers and similar entities.

MAJOR BOILERPLATE CHANGES: FY 2000-01

20. Pharmacy Dispensing Fee

Section 1603 revises current-year language to increase the Medicaid pharmacy dispensing fee from \$3.72 to \$3.77.

21. Nursing Home Wage Pass-Through

Section 1618 provides a \$0.50 per employee hour wage pass-through from the 5.4% increase appropriated in Part 1 of the bill, and limits the increased funds to facilities which offer base pay of not less than \$8.50 per hour for postprobationary employment. The use of wage pass-through funds is prohibited for previously-agreed-to wage or benefit increases.

22. Indigent Health Care Programs

Section 1626 (d) is revised to authorize the establishment of additional indigent programs in rural, underserved areas of the state.

23. Graduate Medical Education

Section 1658 is a new section which allocates \$3.6 million from Graduate Medical Education funds for a psychiatric residency training program.

24. Hospital Emergency Room Services

Section 1690 is modified to require the Department to implement a two-tier case rate for emergency physician professional charges.

25. EPIC Program

Section 1695 directs the Elder Prescription Insurance Coverage Program (EPIC) to be established effective January 1, 2001, and adds provisions related to emergency prescriptions assistance and continuation of the MEPPS program until EPIC is implemented. The section is also retained in the Medical Services portion of the budget.

26. Medicaid Dental Services

Section 1696 is revised to include a 5% increase in Medicaid dental fees, delete reference to additional funding for Medicaid dental capacity expansion, and expand the Healthy Kids Dental Project.

27. Rural Health Initiative

Section 1697 is new language that continues the rural health initiative with emphasis on rural emergency medical services, medical equipment, and technology.

28. Presumptive Medicaid Eligibility for Pregnant Women

Section 1698 is a new section that requires Medicaid applicants whose qualifying condition is pregnancy shall be presumed to be eligible unless the preponderance of the evidence in the application indicates otherwise.

29. Personal Care Services Payment Rate

Section 1700 is modified to provide a 4.0% increase in the payment rate for personal care services.

30. Outpatient Hospital Increase

Section 1701 is a new section specifying that the 7.0% increase for outpatient hospital services shall be distributed as an adjustor payment targeted to hospitals under contract with qualified health plans, and that the current-year fee adjustor payment is to be converted to an outpatient service fee increase.

MAJOR BOILERPLATE CHANGES: FY 2000-01

31. Physician Fee Increase

Section 1702 is new language that requires the 9.0% physician services increase and a portion of the current-year physician disproportionate share payment to be applied to primary care procedure codes and to updating the resource-based relative value scale physician fee methodology. The remaining amount of the current-year physician disproportionate share payment is to be targeted to primary care services provided by physicians under contract with a qualified health plan.

32. Medicaid Payment Fee Schedule

Section 1703 expresses legislative intent that the Medicaid payment fee schedule for physician and outpatient hospital services shall be rebased and requires a work group to ensure that the payment rates reflect the proper weights being assigned to each procedure code.

33. Long-Term Care Innovations Grants

Section 1704 is new language that requires a report on the results of the long-term care innovations grants allocated in the current year.

34. Medicaid Eligibility Verification Services

Section 1705 is a new section that authorizes the Department to contract with multiple vendors for automated Medicaid eligibility verification services and to pay the user fees on behalf of providers who contract with health plans.

35. Health Plan Contracts with Hospitals

Section 1706 is new language that requires health plans to have contracts with local hospitals unless such agreements cannot be reached. Reimbursement to non-contracted hospitals is to be at Medicaid fee-for-service rates.

36. Physician Payment Methodology

Section 1707 expresses legislative intent that Medicaid physician reimbursement shall move toward the resource-based relative value system used for the Medicare program.

37. Psychotropic Drug Utilization Advisory Committee

Section 1708 adds new language to establish a Medicaid psychotropic drug utilization advisory committee and requires a report by September 1, 2001.

38. School Based Health Services

Section 1709 is a new section that authorizes the use of school based health funds to serve children in grades kindergarten through 7th grade.

39. Disproportionate Share Hospital Payments

Section 1710 is new language that requires a report on the methodology used to distribute disproportionate share hospital payments and other similar adjustor payments by May 1, 2000.

VETOES: FY 2000-01

Smoking Prevention Grant Allocation

The Governor vetoed all of Section 1022 which allocates \$1.5 million of smoking prevention funds as one-time grant match funds for American Legacy Foundation tobacco reduction grants. The Governor stated that the funding was removed from Part 1 of the bill in conference, and that this language should also have been removed. See Item 13 under Major Boilerplate issues.

FTEs	0.0
Gross	\$1,500,000
GF/GP	\$0

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000**1. Data Processing**

The FY 1999-2000 supplemental appropriation act includes \$7.0 million for departmental administration and management. These funds are to be used to begin implementation of data processing changes required by the federal Health Insurance Portability and Accountability Act. Section 211 designates the unexpended portion of the \$7.0 million appropriation as a work project to be completed by September 30, 2002.

FTEs 0.0
Gross \$7,000,000
 GF/GP \$1,750,000

2. Juvenile Delinquents

The FY 1999-2000 supplemental appropriation act includes \$4.5 million Gross and \$0 GF/GP for a new line item entitled Juvenile Mental Health Services. These funds will enable Wayne County to augment mental health services to juvenile offenders in which the county provides local matching funds of \$2.0 million. Section 211 designates the unexpended portion of the funding as a work project to completed by September 30, 2002.

FTEs 0.0
Gross \$4,455,300
 GF/GP \$0

3. Diabetes Outreach

The supplemental appropriation act for FY1999-2000 includes \$500,000 for the Morris J. Hood Diabetes Outreach Program at Wayne State University. The appropriation is funded from the Healthy Michigan Fund.

FTEs 0.0
Gross \$500,000
 GF/GP \$0

4. Child Car Seat Safety

A FY 1999-2000 supplemental appropriation of \$300,000 is provided for a child car seat safety grant program. Grants are to be provided for training, promotion, and education concerning child restraint use requirements of the Michigan Vehicle Code. Section 211 establishes the funding as a work project, with an estimated completion date of September 30, 2002.

FTEs 0.0
Gross \$300,000
 GF/GP \$300,000

5. Bovine Tuberculosis Program

The supplemental appropriation act for FY 1999-2000 includes \$749,000 to support the bovine tuberculosis eradication program. The funding will be used to provide epidemiological support in assessing the incidence and distribution of animal and potentially human cases of bovine tuberculosis, laboratory support for deer tuberculosis testing and surveillance, and local health department tuberculosis testing of persons exposed to bovine tuberculosis. Section 211 establishes the funding as a work project, with an estimated completion date of September 30, 2002.

FTEs 0.0
Gross \$749,000
 GF/GP \$749,000

6. Medicaid Encounter Data System

A supplemental appropriation for FY 1999-2000 is also recommended to make improvements to the Medicaid encounter data system which is being developed to monitor the services provided to Medicaid enrollees in qualified health plans. Three-fourths of the costs are to be paid for with federal Medicaid funds. Any unexpended portion of the proposed funding would be considered as a work project appropriation and available for spending through September 30, 2002.

FTEs 0.0
Gross \$4,200,000
 GF/GP \$1,100,000

CORRECTIONS

PUBLIC ACT 237 OF 2000

Analyst: Marilyn Peterson

SB 965

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	19,190.3	19,784.8	594.5	3.1
GROSS	\$1,564,700,800	1,703,858,400	\$139,157,600	8.9
IDG/IDT	6,615,600	6,710,500	94,900	1.4
ADJUSTED GROSS	\$1,558,085,200	1,697,147,900	\$139,062,700	8.9
FEDERAL	26,368,200	26,633,600	265,400	1.0
LOCAL	412,800	429,500	16,700	4.0
PRIVATE	0	0	0	0.0
STATE RESTRICTED	48,347,900	50,484,300	2,136,400	4.4
GF/GP	\$1,482,956,300	1,619,600,500	136,644,200	9.2

OVERVIEW - CORRECTIONS

The Michigan Department of Corrections operates under the codification of correctional statutes achieved by 1953 PA 232. As articulated in a departmental policy directive, the Department's mission is to enhance public safety by recommending sanctions to the courts and, as directed by the courts, to carry out the sentences given to convicted adult felons in a humane, cost-efficient manner which is consistent with sound correctional principles and constitutional standards.

The basic elements of the state correctional system are probation, prison, and parole. As of May 31, 2000, the Department was responsible for the supervision of a total of 111,036 felony offenders: 49,982 probationers; 45,474 prisoners in prisons, camps, and local jails; 1,973 offenders in community placement; and 13,607 parolees.

To manage these offenders, and to implement programs aimed at minimizing recidivism and commitments to prison, the FY 2000-01 budget provides the Department with a gross appropriation of about \$1.7 billion, which includes a GF/GP appropriation of \$1.5 billion. The figures represent increases of 8.7% and 8.9%, respectively, over the prior fiscal year.

The increases largely reflect costs associated with the need to fund the full-year costs of 4,560 beds opening during FY 1999-2000 and receiving partial-year funding in that year's budget, plus partial-year costs of the Bellamy Creek Correctional Facility, a 1,500-bed Level IV prison (see *Note*, below) under construction in Ionia and scheduled to open August 2001. These costs are partially offset by savings to be gained through delays in opening 720 Level IV beds that were originally scheduled to open during FY 1999-2000 and funded accordingly. Those beds, consisting of 240 beds each at Macomb, Saginaw, and Thumb correctional facilities, are now expected to open sometime during FY 2001-02, when they are expected to be needed under the current prison population projection.

Neither the budget nor the prison population projection, however, reflects the combined impact of truth-in-sentencing and sentencing guidelines on prison bed space needs in FY 2000-01 and beyond. Truth-in-sentencing requires certain offenders to serve their entire minimum sentences in prisons or camps, commencing with offenses committed on or after December 15, 1998. Legislatively-enacted sentencing guidelines establish a recommended range for an offender's minimum sentence, and apply to offenses committed on or after January 1, 1999. A study has been underway to identify sentencing patterns occurring during the initial period of sentencing guidelines implementation, but insufficient data is available to project future prison bed space needs.

The budget act also effects a major restructuring of the corrections budget, nearly halving the number of line items (see summary table at end of Corrections section). Prison personnel and operational costs line items have been rolled into one line item per prison, and each prison is a line item within one of three regional appropriations units. Appropriations for corrections camps, formerly in a separate appropriation unit, generally have been allocated among the prisons with which they are administratively associated. All prison and camp academic/vocational line items have been consolidated into one line, and a variety of central office and support functions have been consolidated into a reduced number of line items.

With regard to alternatives to prison, funding and boilerplate language for community corrections has been preserved in historical form, while language to implement the county jail reimbursement program has again been revised. The jail reimbursement program was established as an incentive for counties to retain locally those offenders who otherwise probably would be sent to prison. The program provides counties with per diem payments for housing eligible offenders; per diem rates and eligibility criteria are set through annual budget act language.

Issues surrounding the jail reimbursement program generally have revolved around the broad concept of “prison diversion” and how to properly identify offenders for whom the program will reimburse. These issues have been made more complex with enactment of comprehensive sentencing guidelines, which have profoundly changed the sentencing environment and — at least potentially — what constitutes a “prison-bound” offender. Uncertainties over the impact of sentencing guidelines created challenges for the development of jail reimbursement criteria in the prior fiscal year and in FY 2000-01. Until those uncertainties are resolved, the jail reimbursement program is likely to continue to be the subject of protracted debate.

Note: Prison security levels range from Level I (the lowest security level) through Level V (maximum security), to Level VI units (“super-maximum”) developed at Ionia Maximum Correctional Facility.

MAJOR BUDGET CHANGES: FY 2000-01

<u>Budget Issue</u>	<u>Change from FY 1999-2000</u>	
1. Bellamy Creek Correctional Facility - Ionia	FTEs	502.9
Authorized for construction by 1998 PA 321, a capital outlay bill, the 1,500-bed Bellamy Creek Correctional Facility in Ionia is expected to open in August 2001. This Level IV facility will also include an 80-bed adaptive skills development unit, similar to one at the Level II Handlon Michigan Training Unit, that will provide special education and counseling to prisoners who need to develop basic living skills, but fail to qualify for the lower-security placement at Handlon. The \$9.8 million provided by the budget act includes personnel and operating costs, educational programming, health care, administrative costs, and \$563,000 in start-up costs.	Gross	\$9,757,900
	GF/GP	\$9,757,900
2. St. Louis Maximum Correctional Facility - St. Louis	FTEs	0.0
St. Louis Maximum Correctional Facility opened in October 1999 with 1,279 Level IV beds. The facility was originally planned as a 672-bed Level V facility, and the FY 1999-2000 budget act reflected this, funding the facility at \$21.8 million, including personnel, health care, and administrative costs. Additional funds needed in FY 1999-2000 due to the increase in capacity are being provided through a work project account set up with FY 1998-99 funds formerly allocated only for leased beds. To fund the additional 607 beds in the facility, the budget act provides \$6.6 million over the amount appropriated in the FY 1999-2000 budget act. It is anticipated that the appropriated funding will fall short of full-year needs by about \$4.0 million, which is the projected year-end balance of the associated work project account.	Gross	\$6,578,300
	GF/GP	\$6,578,300
3. Pine River Correctional Facility - St. Louis	FTEs	0.0
Pine River Correctional Facility opened in January 2000 with 960 secure Level I beds. To meet the full-year costs of operating this facility, the budget provides \$4.0 million over the \$14.3 million provided by the FY 1999-2000 budget.	Gross	\$4,064,100
	GF/GP	\$4,064,100

Corrections

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

4. Ojibway Correctional Facility - Marenisco

Ojibway Correctional Facility is 960-bed secure Level I facility being developed from the former Camp Ojibway in Marenisco; the completion of two 240-bed, open-bay housing units will double the size of the 480-bed camp. The facility is expected to open in the summer of 2000. To meet the full-year costs of operating this facility, the budget provides \$10.1 million over the three-month funding of \$3.5 million provided by the FY 1999-2000 budget.

FTEs	3.0
Gross	\$10,121,500
GF/GP	\$10,121,500

5. Pugsley Correctional Facility - Kingsley

Pugsley Correctional Facility is 950-bed secure Level I facility being developed from the former Camp Pugsley in Kingsley; the conversion includes expanding the 150-bed camp by 800 beds. The facility is expected to open in October 2000. To meet the full-year costs of operating this facility, the budget provides \$9.6 million over the three-month funding of \$4.0 million provided by the FY 1999-2000 budget.

FTEs	13.0
Gross	\$9,643,600
GF/GP	\$9,643,600

6. Baraga Maximum - Level I Housing Unit

Level I (minimum security) housing at Baraga Maximum Correctional Facility opened in March 2000. The 240-bed, double-bunked unit will be separated from the Level V housing already on site, and will house Level I prisoners who will provide facility maintenance and public work crews. To meet the full-year costs of operating this facility, the budget provides \$1.3 million over the \$2.5 million appropriated in the FY 1999-2000 budget.

FTEs	6.0
Gross	\$1,294,800
GF/GP	\$1,289,800

7. Cooper Street Correctional Facility - Level I Housing Units

Two 240-bed, open-bay housing units at Jackson's Cooper Street Correctional Facility opened January 2000; the new units expand Cooper Street to 1,302 beds. To meet the full-year costs of operating this facility, the budget provides \$796,800 over the \$5.4 million in partial-year funding provided by the FY 1999-2000 budget.

FTEs	0.0
Gross	\$796,800
GF/GP	\$796,800

8. Florence Crane Women's Facility - Level II Housing Unit

A 240-bed, open-bay housing unit opened March 2000 at Florence Crane Correctional Facility, a women's prison in Coldwater. The new units expand Crane to 750 beds. To meet the full-year costs of operating this facility, the budget provides \$424,600 over the \$3.0 million in partial-year funding provided by the FY 1999-2000 budget.

FTEs	0.0
Gross	\$424,600
GF/GP	\$424,600

9. Macomb, Saginaw, and Thumb Housing Units

The FY 1999-2000 budget provided partial-year funding for Level IV housing units being added to Macomb, Saginaw, and Thumb Correctional Facilities: 240 beds at Macomb, 240 at Saginaw, and 240 at Thumb, for a total of 720 beds. At present, the beds are not projected to be needed until sometime in FY 2001-02. The budget, therefore, removes the partial-year funding added for these expansions in FY 1999-2000: \$2.1 million and 49.0 FTEs for Macomb, \$1.8 million and 48.2 FTEs for Saginaw, and \$2.2 million and 49.5 FTEs for Thumb.

FTEs	(146.7)
Gross	(\$6,092,300)
GF/GP	(\$6,092,300)

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

10. Jackson Prison Reorganization

The hallmark feature of the *Hadix v. Johnson* consent decree is a requirement to split the former State Prison of Southern Michigan in Jackson into separate, smaller prisons. Renovations at former cell blocks 6, 11, and 12 will result in 753 beds reopening in the spring or summer of 2000.

FTEs	23.8
Gross	\$4,479,400
GF/GP	\$4,479,400

The 265 Level IV beds developed from the upper three tiers of cell block 6 will be added to Southern Michigan Correctional Facility. For Southern Michigan, the budget provides increases of 23.8 FTEs and \$1.9 million over the 134.2 FTEs and \$6.7 million provided by the FY 1999-2000 budget; full-year costs associated with the reopened beds would be \$8.7 million.

An additional 488 Level V beds developed from cell blocks 11 and 12 will be added to Jackson Maximum Correctional Facility. For Jackson Maximum, the budget provides \$2.6 million over the \$11.0 million provided in FY 1999-2000; full-year costs associated with the reopened beds would be 201.7 FTEs and \$13.6 million.

11. Youth Correctional Facility

The 480-bed Michigan Youth Correctional Facility, owned and operated by Wackenhut Corporation, opened in July 1999. The FY 1999-2000 budget act provided a total of \$16.2 million for the costs of facility monitoring, lease of the facility, and operation of the facility; these costs were largely met with federal funds provided under the Violent Offender Incarceration and Truth in Sentencing (VOI/TIS) grant program. Along with a \$704,000 increase under the operating contract for the facility, the budget wholly funds facility costs with VOI/TIS funds, resulting in a decrease of \$761,400 in GF/GP support of the facility.

FTEs	0.0
Gross	\$704,000
GF/GP	(\$761,400)

12. Employee Training

The budget provides \$14.2 million to train 1,196 new officers at \$13,260 per officer. The funding would cover 16-week training and uniform costs for 396 additional officers needed in association with new beds, plus 800 officers to accommodate annual officer turnover. The appropriation is a reduction of \$2.4 million from the amount in the FY 1999-2000 budget.

FTEs	0.0
Gross	(\$2,442,900)
GF/GP	(\$2,442,900)

13. Prisoner Clothing Requirements

An April 1998 order in *Cain v. MDOC* specified requirements for state-issued clothing that exceeded those previously in place. The FY 1999-2000 budget provided \$49.0 million to meet the initial costs of issuing the additional clothing, plus fund uniform requirements for high-security prisoners. To fund clothing needs, including those mandated by *Cain* and the extension of the uniform requirement to lower-security prisoners, the budget provides an additional \$6.3 million.

FTEs	0.0
Gross	\$6,341,600
GF/GP	\$6,341,600

14. Utility Costs

The budget funds utility cost increases at various facilities: \$703,700 for water/sewer costs; \$536,600 for an Ionia city water assessment plus the cost of using city water instead of well water at Handlon Michigan Training Unit; and \$365,000 for sewage hauling and electricity for new security lighting at the boot camp's Cassidy Lake facility.

FTEs	0.0
Gross	\$1,605,300
GF/GP	\$1,605,300

MAJOR BUDGET CHANGES: FY 2000-01**Budget Issue****Change from FY 1999-2000****15. Ionia "Super Max" Facility Maintenance and Repairs**

Ionia Maximum Correctional Facility contains the Department's only Level VI "super maximum" security housing. Prisoners in these units are the most dangerous and volatile in the system. They are confined to their cells 23 hours a day and receive their meals on trays passed through slots. The Department reports that destruction of the cells housing these prisoners is a regular occurrence: prisoners gouge walls, smash sinks and toilets, tear cell desks from walls, shred clothing and bedding, and stop up plumbing. To cope with the costs of prisoner destructiveness at I-Max, the budget provides an additional \$345,100 for this facility.

FTEs	0.0
Gross	\$345,100
GF/GP	\$345,100

16. Expand Prison Industries Operations

Michigan State Industries is expanding its farm program and the budget act provides authorization for additional staff necessary to supervise the prisoner work crews for the efforts. By statute, the correctional industries program is self-supporting.

FTEs	34.0
Gross	\$2,100,000
GF/GP	\$0

17. Federal Education Grant

A new federal education grant program, "Grants to States for Workplace and Community Transition Training for Incarcerated Youth Offenders," funds programs for offenders who are age 25 or younger and who are within five years of their earliest release dates; the grant appropriation is allocated among the states based on their numbers of eligible offenders. The budget authorizes \$1.3 million in these funds in FY 2000-01, an increase of \$694,200 over the \$555,800 provided through a federal contingency fund transfer approved in FY 1999-2000.

FTEs	0.0
Gross	\$1,250,000
GF/GP	\$0

18. HIV/AIDS Pharmaceuticals

New drug therapies to treat HIV have increased the costs of treating HIV-positive prisoners. The monthly per-prisoner cost of HIV drug therapies increased \$700 from FY 1997-98 to FY 1998-99, rising from \$1,100 to \$1,800. To fund this \$700 increase for the 422 HIV-positive prisoners, the budget provides an increase of \$3.5 million.

FTEs	0.0
Gross	\$3,544,800
GF/GP	\$3,544,800

19. Clinical Operations

To accommodate rising costs of pharmaceuticals and of medical, surgical, laboratory, and dental supplies, the budget provides an additional \$3.3 million over the FY1999-2000 appropriation of \$76.8 million.

FTEs	0.0
Gross	\$3,274,400
GF/GP	\$3,274,400

20. Managed Care Contract Increase

Hospital and specialty care for prisoners is provided under a capitated managed care contract which contains an escalator clause tied to the Consumer Price Index for All Medical Goods and Services for the Midwest Urban Cities. To fund the contract adjustment, the budget provides an increase of \$2.4 million to this \$39.9 million line item.

FTEs	0.0
Gross	\$2,438,200
GF/GP	\$2,438,200

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

21. Hemophiliac Pharmaceuticals

An 18-year-old sex offender recently committed to the Department has a particularly serious form of hemophilia; the Department reports that medical costs for this prisoner have averaged \$45,000 per month since his arrival. (Medical costs for this prisoner necessitated legislative transfers in FY 1998-99.) The prisoner's earliest release date is in 2001, but it is anticipated that the nature of his offense (first-degree criminal sexual conduct with a minor under age 13) will delay his release, possibly until the expiration of his 15-year maximum sentence. The budget provides additional funding to support the costs of maintaining this prisoner. Although the amount is at the level requested by the Executive, Department of Corrections has noted that further increases may be necessary in the future.

FTEs	0.0
Gross	\$540,000
GF/GP	\$540,000

22. County Jail Reimbursement Program / Telephone Fees

The Executive recommended current-year funding, along with boilerplate language that left determination of eligibility criteria and per diems, to the Department. The Senate maintained current rate structure, with a \$2 increase in per diems funded through an increase of \$517,800 over current year. Senate also included current-year criteria and provided for distribution of any funds remaining at the end of the fiscal year. As did the House-passed bill, the budget act incorporates the \$2 per diem increase and associated funding added by the Senate, but includes revised reimbursement criteria set forth in boilerplate.

FTEs	0.0
Gross	\$517,800
GF/GP	\$3,017,800

The county jail reimbursement program is supported in part by telephone fees and revenues, which derive from the collect calls that prisoners may make. Due to a significant reduction in the number of collect phone calls placed by prisoners, the Department experienced a shortfall in telephone fee revenues in FY 1998-99. The budget provides a GF/GP increase of \$2.5 million to replace declining telephone fee revenue.

23. Testing/Treatment Workload Increase

The budget provides a \$1.5 million increase to cover a combination of rising numbers of offenders in treatment and increases in testing costs and residential treatment per diem rates. The increase represents \$328,200 for outpatient treatment for prisoners, \$300,300 for outpatient treatment for parolees and probationers, \$642,500 for residential treatment for parolees and probationers, and \$268,800 for drug testing of all offenders.

FTEs	0.0
Gross	\$1,539,800
GF/GP	\$1,539,800

24. Federal Revenue Replacement - RSAT Grant

For several years, the Department has been receiving grants under the federal Residential Substance Abuse Treatment for State Prisoners (RSAT) program. These funds support a pilot treatment program that opened at Cooper Street Correctional Facility in January 1999, but the funds are not expected to be available past December 2000. So that the treatment program may be maintained, the budget includes an additional \$1.8 million in GF/GP funding to replace the loss of federal funds.

FTEs	1.0
Gross	\$0
GF/GP	\$1,835,000

Corrections

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

25. New Training Academy

Almost all new employee training for the Department is provided at the DeMarse Training Academy, which operates in space at the former School for the Blind in Lansing. At the time the FY 1999-2000 budget was developed, an agreement between the Department of Corrections and the Department of Education called for Corrections to vacate the space in 1999.

FTEs	0.0
Gross	(\$1,181,000)
GF/GP	(\$1,181,000)

Accordingly, the FY 1999-2000 budget assumed that a new training academy would have to be developed at another site, and provided an increase of \$1.2 million to meet anticipated operating cost increases. The lease at the DeMarse Academy has now been extended through December 31, 2001. Therefore, the budget eliminates the funding increase built into the FY 1999-2000 budget.

26. Employee Step Increases

As employees gain seniority, additional funds may be necessary to cover increased wage and salary costs. The budget provides an increase of \$9.1 million (\$3.1million for academic/vocational staff step increases, and \$6.0 million for institutional employee step increases) for employee step increases in FY 2000-01.

FTEs	0.0
Gross	\$9,071,300
GF/GP	\$9,071,300

27. Leap Year Adjustments

The FY 1999-2000 budget provided the Department with additional funds to cover estimated costs associated with funding the Department for the extra day that occurs during FY 1999-2000. The budget for FY 2000-01 removes this funding.

FTEs	0.0
Gross	(\$3,741,300)
GF/GP	(\$3,741,300)

ECONOMICS: FY 2000-01

Economics

The budget incorporates economic increases of \$65,288,200 Gross, \$63,528,000 GF/GP, representing economic increases for:

FTEs	0.0
Gross	\$65,288,200
GF/GP	\$63,528,000

Salaries and wages	\$25,349,500 Gross, \$24,661,600 GF/GP
Insurance	\$13,001,200 Gross, \$12,648,900 GF/GP
Retirement	\$25,990,500 Gross, \$25,286,200 GF/GP
Food	\$896,200 Gross, \$880,500 GF/GP
Rent and building occupancy	\$50,800 Gross and GF/GP

MAJOR BOILERPLATE CHANGES: FY 2000-01

1. Line Item Roll-ups

New Section 215 requires Department to report on how efficiencies realized through institutional line item roll-ups were utilized within the consolidated lines.

MAJOR BOILERPLATE CHANGES: FY 2000-01**2. Youth Correctional Facility**

New Section 216 requires quarterly reports on the Youth Correctional Facility. Reports to include program descriptions and enrollments and information relevant to an assessment of the safety and security of the institution.

3. Youth Correctional Facility

New Section 217 requires contract monitor to provide each prisoner with a manual that details facility programs and services, and the processes by which prisoner complaints and grievances may be pursued.

4. Prison Milk Production and Distribution

New Section 218 requires the Department to report on the amount of milk and milk products produced and delivered in the previous fiscal year.

5. County Jail Reimbursement Program

Revised Section 707 maintains reimbursements for third-offense drunk drivers and offenders who qualify under revised criteria that describe offenders who likely would be sentenced to prison. Increases per diem rates by \$2. Limits expenditures to the amount of the appropriation, and provides for "first-come, first-served" payments. Calls for continued review and analysis (by Department, Michigan Sheriffs' Association, and Michigan Association of Counties) for emerging data, and development of recommendations, if appropriate, for modification of criteria.

6. Use of College Programming Funding

Boilerplate historically has required that any money freed by elimination of court-ordered college programming be transferred to academic/vocational programs. The budget act [revised Section 803(2)] instead earmarks this money for employee leadership training.

7. Prisoner Health Care Audits

Revised Section 903(4) expresses legislative intent for the auditor general to audit delivery of health care to prisoners and determine the extent, if any, of cost savings that have been realized through privatization of prisoner health care.

8. Academic/Vocational Programming

Revised Section 1010 requires the Department to provide programs that allow prisoners to "self-rehabilitate" for successful reintegration into the community. Requires report on academic/vocational program enrollments, completions, and waiting lists, and requires additional information on the Michigan Prison Build program (which builds prefabricated housing components for Habitat for Humanity).

(Section number refers to current law.)

9. Probation Agent Recommendations

Deleted is Section 501 which requires the Department to develop sentencing recommendation guidelines that promote consistency in recommended nonprison sanctions and requires probation personnel to recommend nonprison sanctions for certain offenders.

VETOES: FY 2000-01

None

Corrections

REVENUE INCREASES: FY 2000-01

1. **Probation and Parole Oversight Fees**

To avoid state restricted contingency fund transfers, the budget accommodates recent and anticipated increases in collections of the oversight fees required of probationers and parolees. The total amount of anticipated increase is \$1.3 million, of which \$1.0 million would be used to replace existing GF/GP support of parole and probation agent costs.

FTEs	0.0
Gross	\$253,800
GF/GP	(\$1,015,200)

2. **Public Works User Fees**

Governmental agencies and nonprofit organizations that utilize prisoner work crews pay a fee of \$5 per day per offender, of which half goes to the prisoner and half goes toward public works program costs. Through an increase to \$6 per day, the budget anticipates an additional \$229,000 in revenues.

FTEs	0.0
Gross	\$0
GF/GP	(\$229,000)

3. **Tether Participant Fees**

Offenders in the electronic monitoring program ("tether") are required to reimburse the Department for tether unit costs. The budget reflects increases in tether fee revenue anticipated through a combination of more offenders on electronic tether and an improved economy.

FTEs	0.0
Gross	\$0
GF/GP	(\$172,300)

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. **Public Safety Communications System**

Public Act 291 of 2000 provides \$1.4 million to complete the conversion of external radio communications to the Department of State Police's Public Safety Communications System. The funding will support the purchase of 800 MHZ radios for prisoner transportation vehicles, emergency response teams, public works crews, and perimeter security vehicles.

FTEs	0.0
Gross	\$1,377,200
GF/GP	\$1,377,200

2. **Funding Surpluses/Relocate Prisoner Intake**

In order to finance the relocation of prisoner intake, 2000 PA 291 effects reductions of: \$2.5 million from New Employee Training, \$700,000 from Baraga Maximum, \$1.1 million from Cooper Street, and \$700,000 from Macomb.

FTEs	0.0
Gross	(\$5,000,000)
GF/GP	(\$5,000,000)

The Department of Corrections proposes to consolidate its three lower-peninsula reception centers (at which newly-arriving prisoners are evaluated and temporarily housed) into a single center at Egeler Correctional Facility in Jackson. In addition to various operational efficiencies, this change would facilitate plans to relocate female prisoners from Florence Crane Correctional Facility in Coldwater to Western Wayne Correctional Facility in Plymouth, which is where one of the current reception centers is located. Plans are to convert Western Wayne into a female facility and Crane into a male facility.

Funding for the remodeling at Egeler would be appropriated through Capital Outlay. Funds are available, however, through current-year surpluses in the Department of Corrections operational budget. Due to slower-than-expected prison population growth, new beds funded at Macomb Correctional Facility are not expected to be opened until FY 2001-02. Construction delays for new units at Baraga Maximum and Cooper Street correctional facilities have similarly generated surpluses; difficulties in recruiting corrections officers led to a surplus in the line item that funds officer training.

FY 2000-01 DEPARTMENT OF CORRECTIONS BILL RESTRUCTURING: LINE ITEM ROLLUPS

The structure of the Department of Corrections budget act for FY 2000-01 is significantly different from prior years, with consolidation of various line items and reorganization and consolidation of appropriation units. Line item consolidations are summarized below.

New Line Item

Former lines now consolidated into the line item shown in bold.

Executive Direction

Executive Administration
Audit and Internal Affairs
Policy and Hearings

Administrative Services

Administration and Fiscal Management
Office of Personnel and Labor Relations

Program Services and Education Grants

Federal Education Programs
Program Services

Equipment and Special Maintenance

Equipment
Special Maintenance

Compensatory Buyout and Union Leave Bank

Compensatory Buyout
Union Leave Bank

Training

Training Administration
Training Projects
Criminal Justice Training Fund

New Line Item

Former lines now consolidated into the line item shown in bold.

Field Programs

Operating Costs
Community Service Work Program
Rent
Building Occupancy Charges

Special Alternative Incarceration

Personnel Costs
Operating Costs

Community Corrections Administration

Personnel Costs
Operating Costs
Community Corrections Board Expenses

Correctional Facilities Administration

Correctional Facilities Administration
Conveying Convicts to Penal Institutions
Extradition Services
Northern Region Office
Southeastern Region Office
Southwestern Region Office

Academic/Vocational Programs

37 different academic/vocational line items

Institutional Line Items

Personnel Costs
Operational Costs

Additional Note:

Mid-Michigan Correctional Facility consolidated into St. Louis Correctional Facility

Correction Camps appropriation unit divided among various prisons to which individual camps are administratively attached

FAMILY INDEPENDENCE AGENCY

PUBLIC ACT 294 OF 2000

Analysts: Erin Black and Myron Freeman

HB 5277

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	13,228.3	13,505.6	277.3	2.1
GROSS	\$3,828,962,900	\$3,591,822,500	(\$237,140,400)	(6.2)
IDG/IDT	150,000	765,000	615,000	410.0
ADJUSTED GROSS	\$3,828,812,900	\$3,591,057,500	(\$237,755,400)	(6.2)
FEDERAL	2,468,470,800	2,204,258,650	(264,212,150)	(10.7)
LOCAL	67,562,800	110,646,200	43,083,400	63.8
PRIVATE	7,858,100	8,513,950	655,850	8.3
STATE RESTRICTED	115,633,300	50,641,200	(64,992,100)	(56.2)
GF/GP	\$1,169,287,900	\$1,216,997,500	47,709,600	4.1

OVERVIEW - FAMILY INDEPENDENCE AGENCY

The FY 2000-01 Family Independence Agency (FIA) budget reflects a decrease in Gross appropriations from FY 1999-2000 Year-to-Date (YTD) authority (including supplemental SB 968, 2000 PA 291) of \$237.1 million (6.2%), but an increase of \$47.7 million in General Fund/General Purpose (GF/GP) funding (4.1%). The overall decrease reflects \$166.8 million in reduced federal food stamp authority based on projected caseload levels. In addition, savings from reduced caseloads for the Family Independence Program (\$63.3 million) and from slowing caseload growth for Day Care Services (\$106.0 million) also contributed to lower federal appropriations.

Conversely, the GF/GP increase can be attributed to increases in a variety of state-funded programs including: a) \$20.1 million in GF/GP (\$56.0 million Gross) for data processing initiatives; b) \$20.9 million in GF/GP (\$47.3 million Gross) for foster care and adoption subsidies caseload adjustments and rate increases; and c) \$8.0 million in GF/GP to eliminate the department-wide lapse revenue source. In addition, further clarification of federal regulations regarding the use of Temporary Assistance to Needy Families (TANF) funding required the allocation of \$16.3 million GF/GP to replace TANF funding and to meet Maintenance of Effort (MOE) requirements; \$25.6 million in GF/GP authorization was added to offset an anticipated reduction in Child Support Collection funding.

Other major initiatives or funding changes include: a) \$27.0 million of additional TANF funding to finance the refundable portion of the Homestead Tax Credit for families below 200% of the federal poverty level; b) \$5.0 million TANF increase in Family Preservation and Prevention Services to implement an intensive in-home family reunification services program; c) \$2.6 million of federal funding added in Domestic Violence Prevention and Treatment to expand services; d) \$3.0 million in TANF added to provide a cost-of-living grant increase for targeted Family Independence Program deferred cases where the parent cannot work due to disability, age, or other crisis; e) \$5.0 million in TANF added to increase the grant amount for Kinship Care cases (where care of children is being provided by an extended family member); and f) \$3.4 million of additional federal dollars resulting from an increased federal Medicaid assistance percentage (FMAP) rate. In addition, the budget reflects a reversal of the Wayne County Block Grant approved last year due to the fact that Wayne County has not elected to become a County Juvenile Agency. The funding is transferred back to original line items and all of the FTEs previously removed are restored.

The Legislature adopted a number of changes that were not included in the Executive recommendation. These include: a) \$2.0 million in TANF, of the \$5.0 million referenced above, added to further increase the grant amount for Kinship Care cases; b) \$3.9 million in TANF added to increase the annual clothing allowance to \$75 per child; c) maintenance of \$9.2 million (TANF) in Day Care Services to establish a quality care accessibility pool; d) \$16.7 million in TANF added to increase rates for child day care providers serving children 0 - 2 ½ years of age; e) \$16.0 million in TANF added to create a before- or after-school program; f) \$5.1 million in TANF added to expand the current child day care services eligibility scale; g) \$1.3 million in TANF added to initiate a TEACH pilot program; h) \$15.0 million Gross added to create a Transitional Work Support program (transitional medical coverage program); i) \$3.0 million in TANF added to increase the homeless shelter per diem rate; and j) \$3.3 million in federal funding added for increase to Community Action Agencies; and k) \$440,400 Gross (\$320,100 GF/GP) added for six child protective worker positions. Items f) and g) were subsequently vetoed by the Governor.

Family Independence Agency

The following graph depicts the composition of the \$3.6 billion FY 2000-01 budget. Nearly 39% of the funding is allocated for day care services and cash grants including Family Independence Program grants, SSI State Supplementation and State Disability Assistance payments, and Low-income Energy Assistance Program and Food Stamp Program assistance.

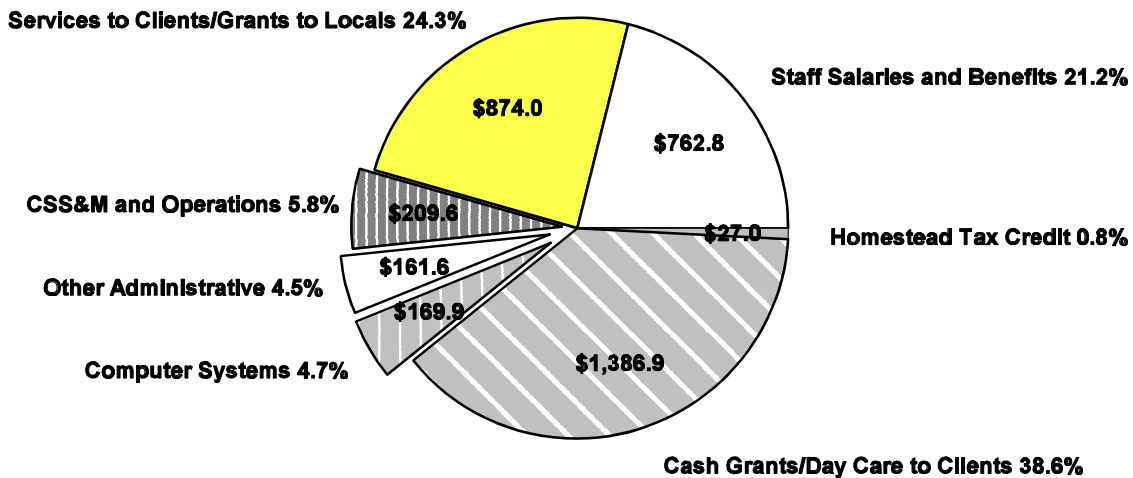
Services delivered to clients directly through FIA and local agencies make up another 24.3%. Services include foster care, adoption subsidies, family preservation and prevention programs, Youth in Transition, Domestic Violence Prevention and Treatment, Teenage Parent Counseling, Transitional Work Support, juvenile justice programs, emergency relief, and employment and training programs.

Staffing-related costs comprise 21.2% of the budget. Contracts, supplies, materials, and operations constitute another 5.8%. Computer projects (including child support systems, the Client Services System, and Department of Management and Budget computer services) account for 4.7% of the budget, and other administration costs (rent, child support incentive payments, and funding for commissions) comprise the remaining 4.5%.

Gross Appropriations = \$3,591,822,500

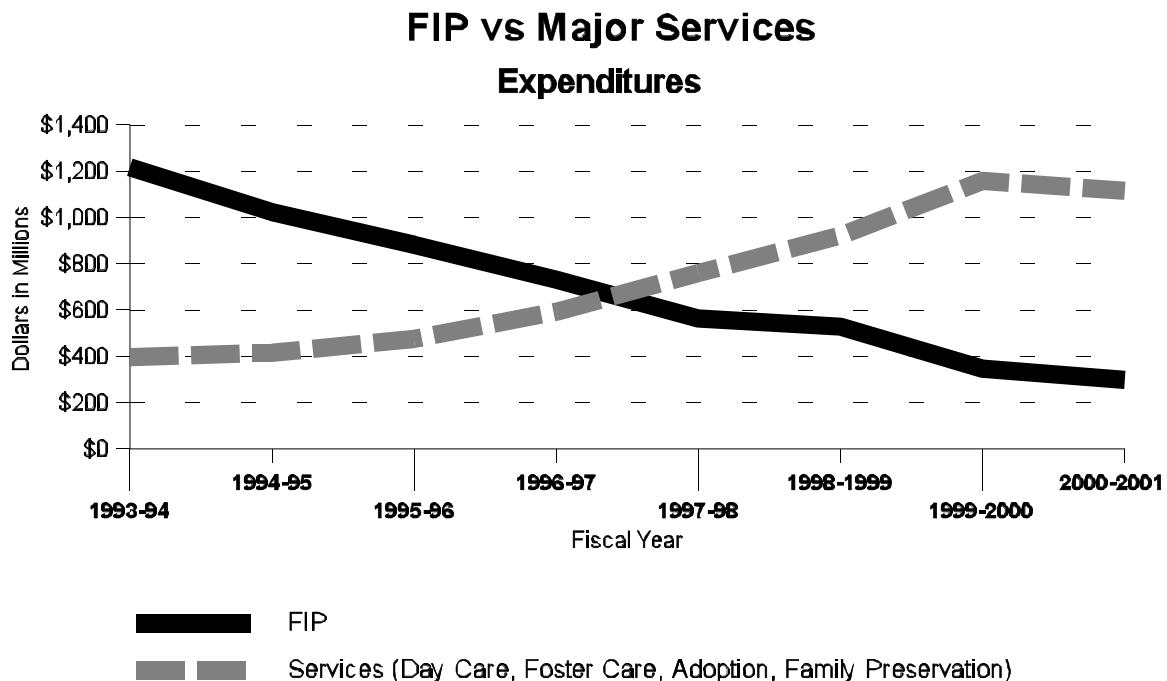
Distribution of Family Independence Agency FY 2000-01 Budget

Gross Appropriations (Millions of Dollars)



The following graph illustrates recent funding trends for the Family Independence Program (FIP) and the four largest services programs administered by the FIA: foster care, child day care, adoption subsidies and support services, and family preservation and prevention services. The trend since FY 1993-94 has been a sharp decline in FIP spending as the caseload decreased from 223,600 to an estimated level of 63,400 in FY 2000-01. Expenditures in FY 1993-94 were \$1,218 million compared with a projected expenditure level in FY 2000-01 of \$298 million.

Spending on major services has increased from \$389 million in FY 1993-94 to an estimated \$1,115 million in FY 2000-01. Day care expenditures have risen as families have moved off FIP; foster care and adoption subsidy expenditures reflect a significant increase in caseload spending; and an expansion of programs has led to increased spending in family preservation services.



*NOTE: FYs 1993-94 through 1998-99 show Expenditures;
FY 1999-2000 and FY 2000-01 show YTD Appropriations.*

MAJOR BUDGET CHANGES: FY 2000-01**Budget Issue****Change from FY 1999-2000****1. Family Independence Program (FIP) Caseload Decline**

Family Independence Program funding of \$297.5 million Gross, (\$109.1 million GF/GP) is 14.7% lower than the FY 1999-2000 level of \$349.0 million Gross, (\$212.1 million GF/GP). The decline in the FY 2000-01 appropriated level is due to a lower average projected caseload of 63,400 — down 14,900 cases from the FY 1999-2000 budgeted level. The appropriation reduction due to a lower average caseload, however, is offset to a lesser extent by a higher projected monthly cost per case of \$375 — up \$15 from the FY 1999-2000 budgeted level.

FTEs	0.0
Gross	(\$63,256,800)
GF/GP	\$0

The decline in caseload is due to a continued emphasis on client participation in Work First which has led to increased earned income for participants; this, in turn, has led to lower caseloads. The increase in cost per case is driven by the realization that families which remain on FIP are generally those that are much more difficult to serve (i.e. those requiring many services) and, accordingly, their grant is not reduced as quickly due to earned income — which results in a greater per-case amount.

2. Family Independence Program Grant and Voucher Increase

The enacted budget provides \$11.8 million to increase grants to certain FIP recipients and clothing vouchers to all recipients. Temporary Assistance to Needy Families funding in the amount of \$5.0 million is added to increase the grant amount for Kinship Care cases (cases where care of children is being provided by an extended family member). Presently, the benefit level for a two-child Kinship Care case is approximately \$200 per month; this action would raise the level to approximately \$270 per month.

FTEs	0.0
Gross	\$11,810,000
GF/GP	\$0

Three million dollars in TANF is added for a 3.0% cost-of-living increase to selected deferred Family Independence Program cases. Deferred cases include cases where care is being provided by extended family (Kinship Care) or where the parent cannot work due to disability, age, or other crisis. Temporary Assistance to Needy Families funding, in the amount of \$3.9 million, is added to increase the annual clothing allowance from \$50 to \$75 per child.

3. Family Independence Program Funding Shift

In the enacted budget, \$103.0 million GF/GP from the FIP line is replaced with \$103.0 million in TANF from the Day Care Services line. This allows the FIP account to have adequate authorization to spend the \$146.1 million in TANF funding (on reserve in Washington as of September 30, 1999) directly on assistance programs, consistent with federal guidelines.

FTEs	0.0
Gross	\$0
GF/GP	(\$103,000,000)

MAJOR BUDGET CHANGES: FY 2000-01

<u>Budget Issue</u>	<u>Change from FY 1999-2000</u>
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<p>4. Additional State Funding Required to Replace Lower Child Support Collections</p> <p>The enacted budget includes \$25.6 million in additional GF/GP funding to offset the anticipated reduction of Child Support Collection funding which is a revenue source supporting the Family Independence Program within the FIA budget. It is reduced due to: a) decreasing FIP caseloads; b) a decrease in the rate of collections growth per case; and c) a repeal of the Hold Harmless provision in The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) which originally guaranteed that FIA could retain a specific amount of collections.</p>	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">FTEs</td> <td style="width:50%;">0.0</td> </tr> <tr> <td>Gross</td> <td>\$0</td> </tr> <tr> <td>GF/GP</td> <td>\$25,631,600</td> </tr> </table>	FTEs	0.0	Gross	\$0	GF/GP	\$25,631,600
FTEs	0.0						
Gross	\$0						
GF/GP	\$25,631,600						

<p>5. Food Stamp Adjustment to Reflect Projected Caseload</p> <p>Federal funding is reduced by \$166.8 million in the area of food stamps benefits, consistent with projected spending levels. It is anticipated that the FY 2000-01 food stamp caseload will average 237,500 cases at a cost of \$152 per month compared to the FY 1999-2000 higher-budgeted level of 314,100 cases at a cost of \$159 per month. Much of the funding (78.0%) for this program was initially added in the current year's budget; this action adjusts the base funding level of this entitlement program to reflect anticipated costs.</p>	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">FTEs</td> <td style="width:50%;">0.0</td> </tr> <tr> <td>Gross</td> <td>(\$166,781,200)</td> </tr> <tr> <td>GF/GP</td> <td>\$0</td> </tr> </table>	FTEs	0.0	Gross	(\$166,781,200)	GF/GP	\$0
FTEs	0.0						
Gross	(\$166,781,200)						
GF/GP	\$0						

<p>6. Day Care Services</p> <p>The enacted budget includes a net decrease of \$90.8 million TANF in Day Care Services authorization. The net decrease reflects: a) a projected slowing of caseload growth to an average annual caseload of 73,700 at an average monthly cost per case of \$525 — saving \$106.0 million in TANF; b) the maintenance of \$9.2 million of the \$33.0 million budgeted in FY 1999-2000 for the creation of a child day care accessibility grant pool; c) the addition of \$16.7 million in TANF to provide a rate increase for child day care providers caring for children 0 - 2 ½ years of age; d) the addition of \$5.1 million in TANF to expand the 30.0% reimbursement range of the current child day care services income eligibility scale to include families up to 200% of poverty; e) the addition of \$1.3 million in TANF to initiate a "TEACH" pilot program; and f) the addition of \$16.0 million in TANF to create a before- or after-school program. Items d) and e) were subsequently vetoed by the Governor.</p>	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">FTEs</td> <td style="width:50%;">0.0</td> </tr> <tr> <td>Gross</td> <td>(\$90,778,800)</td> </tr> <tr> <td>GF/GP</td> <td>\$88,000,000</td> </tr> </table>	FTEs	0.0	Gross	(\$90,778,800)	GF/GP	\$88,000,000
FTEs	0.0						
Gross	(\$90,778,800)						
GF/GP	\$88,000,000						

In addition, the budget reflects the shifting of \$103.0 million in GF/GP from FIP to Day Care Services and an equal amount of TANF from Day Care Services to FIP due to restricted use of the TANF balance from previous years specified in new federal regulations, as well as the shifting of \$15.0 million in GF/GP from Day Care Services to the new "Transitional Work Support" program with the addition of an equal amount of TANF to Day Care Services.

MAJOR BUDGET CHANGES: FY 2000-01**Budget Issue****Change from FY 1999-2000****7. Adoption Subsidies Increase**

The enacted budget includes a \$17.3 million increase to cover projected growth in the adoption subsidy caseload and provide a 3.0% adoption subsidy rate increase for parents effective October 1, 2000; \$12.7 million Gross (\$5.1 million GF/GP) is provided to recognize a projected caseload increase from 17,600 cases in FY 1999-2000 to 19,260 cases in FY 2000-01; \$4.6 million Gross (\$1.8 million GF/GP) is added to fund a 3.0% rate increase.

FTEs	0.0
Gross	\$17,275,300
GF/GP	\$6,863,800

8. Foster Care Increase

The enacted budget includes a \$29.0 million Gross (\$13.6 million GF/GP) increase to cover projected foster care caseload spending, to provide a foster care parent rate increase, and to provide a rate increase for child placing agencies and private residential treatment facilities. Added to recognize a projected caseload increase from 14,765 cases in FY 1999-2000 to 15,697 cases in FY 2000-01 is \$21.8 million Gross (\$10.2 million GF/GP). (Note: Caseload projection assumes no increase in Wayne County delinquency cases).

FTEs	0.0
Gross	\$30,028,100
GF/GP	\$14,052,400

Additional funding in the amount of \$2.2 million Gross (\$1.0 million GF/GP) provides a 3.0% rate increase to foster care parents for a full year; \$5.0 million Gross (\$2.4 million GF/GP) is allocated to provide a 3.0% rate increase for child placing agencies and private residential treatment facilities for 7 ½ months of the fiscal year. Lastly, the budget includes a \$1.0 million (\$500,000 GF/GP) increase for foster care parent recruitment.

9. Family Preservation and Prevention Services Increase

The enacted budget includes a \$8.1 million Gross (\$7.8 million TANF) increase in family preservation and prevention services for new initiatives and expansion of programs. The increase includes: a) \$5.0 million in TANF to fund a family reunification program to provide intensive in-home services to families so that children placed outside the home could be returned earlier; b) \$500,000 in TANF to fund the "Child Well Being" program; c) \$2.0 million in TANF to increase the availability of services for the zero to three population; d) \$255,000 in TANF for Michigan Area Council of Boys & Girls Club of America for their after-school programs; and e) \$315,000 GF/GP for Child Advocacy Centers state-wide. Item d) was subsequently vetoed by the Governor.

FTEs	0.0
Gross	\$8,070,000
GF/GP	\$315,000

MAJOR BUDGET CHANGES: FY 2000-01

<u>Budget Issue</u>	<u>Change from FY 1999-2000</u>	
10. Increased Funding For Data Processing Initiatives	FTEs	0.0
The enacted budget includes significant additional funding to address various data processing requirements and initiatives; \$8.3 million Gross (\$3.4 GF/GP) is allocated for the continued development of the federally-mandated Electronic Benefit Transfer System to be used for the cash-out of food stamps; \$8.7 million Gross (\$3.4 million GF/GP) is provided to purchase equipment necessary to implement the new "finger imaging system" mandated under state statute 1999 PA 26. The purpose of the imaging system is to prevent individuals from illegally receiving cash assistance and food stamps under more than one name.	Gross	\$56,018,700
	GF/GP	\$20,056,400
An increase of \$29.1 million Gross (\$9.9 million GF/GP) is also included for final development of the federally-mandated Child Support Enforcement System (CSES). The plan calls for this system to be fully operational by September 30, 2001. Finally, \$9.9 million (\$3.4 million GF/GP) is added for the completion of the Child Support Distribution System, a federally-mandated system which will centralize child support collections and distribution throughout the state.		
11. Increase Funding in State Emergency Relief	FTEs	0.0
The enacted budget includes an increase of \$3.6 million Gross in various programs within the State Emergency Relief line; \$3.0 million in TANF funding is added for a cost-of-living increase in the area of shelter grant contracts. Shelter grant contracts cover shelter and meal costs for homeless individuals and families. Under this action, the reimbursement rate to shelters would increase from \$10 per day to \$13 per day.	Gross	\$3,574,000
	GF/GP	\$324,000
Also provided is \$250,000 in TANF funding for expansion of the Food Bank Council transportation and delivery activities; \$100,000 GF/GP to increase the lifetime reimbursement limit for non-energy-related home repairs to \$1,750 from the present \$1,500; and \$224,000 GF/GP for multicultural assimilation programs and services.		
12. Domestic Violence Programs	FTEs	0.0
The enacted budget includes a \$2.6 million Gross (\$2.2 million TANF) increase for Domestic Violence Prevention and Treatment programs. The increase includes \$650,000 in TANF to improve access to emergency shelters and support services, as well as to provide specialized services for children; an additional \$400,000 in available federal Family Violence funding; and \$1.5 million in TANF to fund sexual assault prevention programs.	Gross	\$2,550,000
	GF/GP	\$0
13. Expansion of Project Zero	FTEs	0.0
The enacted budget includes a \$3.0 million TANF increase for the Project Zero program. Increased funding will be used to expand this program state-wide to the remaining 26 non-Project Zero sites. Project Zero is a program designed to identify barriers so that all FIP clients will be able to secure employment and ultimately become self-sufficient. This action will bring the number of Project Zero sites to 97 by September 30, 2001. Funding level for this program in FY 1999-2000 is \$11.0 million (all TANF).	Gross	\$3,000,000
	GF/GP	\$0

MAJOR BUDGET CHANGES: FY 2000-01**Budget Issue****Change from FY 1999-2000****14. TANF / Maintenance-of-Effort Correction**

In order to be in compliance with the recently-published final federal regulations which stipulate how TANF funds can be spent and where state maintenance-of-effort (MOE) dollars can be designated, the enacted budget adds \$16.3 million in GF/GP authorization back into the FIA budget. The final regulations, which went into effect October 1, 1999, disallowed the state's planned usage of TANF funding or designation of state MOE for purchased services in the area of foster care (\$5.3 million), certain in-home youth services (\$6.0 million), and the Michigan child tax credit (\$5.0 million).

FTEs	0.0
Gross	\$0
GF/GP	\$16,300,000

15. Home Property Credit for Low Income Families

The enacted budget includes \$27.0 million in federal TANF funds to finance the refundable portion of the Homestead Tax Credit for families below 200% of the federal poverty level. Currently, the tax credit is financed with GF/GP. Under this proposal, each federal dollar spent in this manner will result in a direct savings to the state's GF/GP balance.

FTEs	0.0
Gross	\$27,000,000
GF/GP	\$0

16. Lapse Revenue Account

The enacted budget eliminates the department-wide lapse revenue source located within Central Support Accounts by adding \$8.0 million GF/GP.

FTEs	0.0
Gross	\$0
GF/GP	\$8,024,200

17. Community Action Agency Increase

The enacted budget adds \$2.0 million TANF for Community Action Agencies programs along with boilerplate language which governs TANF usage within this account. In addition, \$1.3 million in federal authorization is included to properly reflect Michigan's share of the federal Community Services Block Grant.

FTEs	0.0
Gross	\$3,300,000
GF/GP	\$0

18. Transitional Work Support Program

The enacted budget includes funding for the creation of a "Transitional Work Support" program; \$15.0 million in GF/GP funding is transferred from the Day Care Services line to this new line. Funding will be used to pay for transitional medical services coverage for up to 6,500 former FIP recipients who remained on the FIP role less than 90 days and, accordingly, do not qualify for Title XIX funded transitional Medicaid.

FTEs	0.0
Gross	\$15,000,000
GF/GP	\$15,000,000

ECONOMICS: FY 2000-01**Economic Changes**

The enacted budget includes a net economic increase totaling \$33.3 million Gross (\$13.1 million GF/GP) for salaries and wages (\$11.2 million Gross), lump sum payments to employee per the collective bargaining agreement (\$5.0 million), and Insurance and Retirement (\$16.2 million Gross).

FTEs	0.0
Gross	\$33,300,000
GF/GP	\$13,100,000

MAJOR BOILERPLATE CHANGES: FY 2000-01**1. Timely Medicaid Eligibility Determination**

Section 223 requires the Department to determine Medicaid eligibility within 60 days when disability is an eligibility factor, and within 45 days for all other applicants.

MAJOR BOILERPLATE CHANGES: FY 2000-01**2. Title IV-D Replacement**

Section 412 allows the state budget director to adjust sources of financing in the legal support contracts line item by replacing federal Title IV-D authorization with GF/GP as needed due to required reporting of escheated child support collections as Title IV-D program income.

3. Field Investigation/Home Visit Written Policy

Section 413 requires the Department to develop employee field investigation and home visit written policy.

4. Community Action Agency Authorization

Section 414 identifies \$2.0 million in TANF authorized for Community Action Agencies and requires agencies to report data needed to receive TANF funds.

5. Foster Care and Adoption Subsidies Rate Increase

Section 519 requires the Department to provide a 12-month, 3.0% increase for foster care and adoption subsidies parents, and a 7 ½-month, 3.0% rate increase for child placing agencies and private residential treatment facilities. The language also requires the Department to conduct a rates-paid review and submit a report.

6. Kinship Care Benefit

Section 520 identifies the legislative intent to reduce the benefit discrepancy between a kinship care case and a similar family size Family Independence Program (FIP) case.

7. Adoption Placement Services Audit

Section 521 requires audit of adoption placement services expenditures to determine average costs.

8. Child and Family Services Programs Reporting Requirements

Section 523 requires Child and Family Services programs listed to report data elements needed to receive TANF funds.

9. EQUIP Grants

Section 627 authorizes the Department to contract with 4-C and spend up to \$1.4 million, instead of \$900,000, for Enhance Quality Improvement Program (EQUIP) grants. It also requires the Department to develop an additional EQUIP grant pool of at least \$350,000 to establish new family and group home day care providers.

10. TANF Funds for Full-day School Readiness

Section 638 allows the Department to transfer TANF funds to the Department of Education to support full-day school readiness or head start programs.

11. Child Day Care Provider Rate Increase

Section 640 requires the Department to provide a rate increase for child day care providers caring for children 0 - 2 ½ years of age. The language indicates that this authorization is a one-time authorization.

12. Emergency Shelter Increase

Section 643 requires the Department to increase the per diem rate from \$10.00 to \$13.00 per day using TANF and requires the shelter programs to report data elements needed to receive TANF funds.

13. Home Repairs Lifetime Limit

Section 644 requires the Department to increase the lifetime limit for non-energy-related home repairs to \$1,750.

14. State Emergency Relief Homeless Criteria Adjustment

Section 645 allows individuals living with others to escape domestic violence to be defined as homeless for the purposes of state emergency relief.

MAJOR BOILERPLATE CHANGES: FY 2000-01

15. Homestead Property Tax Credit TANF Limit

Section 646 requires that TANF not be used to fund more than \$27.0 million of the homestead property tax credit.

16. Beyond Federal Five-year Limit

Section 648 requires the Department to continue to make assistance payments to eligible recipients beyond the federal five-year limit.

17. FOC Child Support Collection Efforts

Section 652 requires the Department to work with Friend of the Court (FOC) offices to aggressively pursue child support collections/arrearages on all support orders for FIP recipients and nonrecipients.

18. Domestic Violence Exemption - Food Stamp Requirements

Section 653 exempts an individual who is the victim of domestic violence for up to an additional three months from the three-month in 36-month limit on receiving foods stamps.

19. Leaving Newborns Public Service Information

Section 654 requires the Department to expend funds to provide public service information regarding procedures for individuals to leave newborns at emergency service providers based on the safe delivery act.

20. Child Protective Services Increase

Section 655 allows the Department to add six new FTEs to work in the area of child protective services or utilize additional funding for other safety initiatives.

21. Before- or After-school Pilot Program

Section 657 requires the Department to allocate \$16.0 million to establish a before- or after-school program pilot for school-aged children and provide a report on the pilot; it also requires contractors to report data needed to receive TANF funds.

22. Child Care Verification

Section 659 requires FIP recipients with a child under six years old to meet work first participation requirements unless a worker verifies child care is not available.

23. Food Bank Reporting Requirements

Section 660 requires the Food Bank Council to report data elements needed to receive TANF funds.

24. Transitional Work Support Program

Section 661 requires the Department to expend up to \$15.0 million to fund a transitional work support program to provide transitional medical coverage for former FIP recipients who received FIP for less than 90 days and are ineligible for transitional Medicaid (includes reporting requirement).

25. W. J. Maxey Reporting Requirement

Section 705 requires the Department to provide an annual report on the W. J. Maxey facility, and outlines required assessment and treatment issues.

26. Retirement Disability Determination Agreement

Section 801 requires FIA to provide retirement disability determination services for state employees, state police, judges, and school teachers as specified in an agreement between FIA and DMB.

VETOES: FY 2000-01

1. Created for Caring Contract	FTEs 0.0
The Governor vetoed boilerplate Section 407 and applicable funding for Created for Caring to provide employment skills and support services (FY 1998-99).	Gross \$112,500
	GF/GP \$112,500
2. Low-income Fatherhood Pilot Program	FTEs 0.0
The Governor vetoed boilerplate Section 411 and applicable funding for the establishment of a low-income fatherhood pilot program.	Gross \$1,000,000
	GF/GP \$0
3. Boys and Girls Clubs Authorization	FTEs 0.0
The Governor vetoed boilerplate Section 522 and applicable funding for Boys and Girls Clubs after-school programs. See item 9d under Major Budget Changes.	Gross \$255,000
	GF/GP \$0
4. Career Tracked Employment Pilot	FTEs 0.0
The Governor vetoed boilerplate Section 629 and applicable funding for a career tracked employment pilot for low-income individuals including, but not limited to, certified nurse aide training, child care provider, manufacturing, or retail/service industries (FY 1999-2000).	Gross \$275,000
	GF/GP \$0
5. TEACH Pilot	FTEs 0.0
The Governor vetoed boilerplate section 639 and applicable funding for the establishment of a TEACH pilot program. See item 6e under Major Budget Changes.	Gross \$1,250,000
	GF/GP \$0
6. Day Care Income Eligibility Expansion	FTEs 0.0
The Governor vetoed boilerplate Section 641 and applicable funding for the expansion of the 30.0% reimbursement range of the current child day care services income eligibility scale to include families up to 200% of poverty. See item # 6d under Major Budget Changes.	Gross \$5,100,000
	GF/GP \$0
7. Saginaw Service Career Paths Contract	FTEs 0.0
The Governor vetoed boilerplate Section 649 and applicable funding for Saginaw Service Career Paths to assist low-income individuals in developing their economic potential (FY 1999-2000).	Gross \$112,500
	GF/GP \$0

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000**1. Family Opportunity Project**

The supplemental (2000 PA 291) includes several one-time spending recommendations totaling \$50.0 million (all federal TANF funding). Of the \$50.0 million, \$20.0 million is to be used for an intensive, family-centered initiative program during the summer of 2000 to assist welfare families who are able to work but have not been successful in their pursuit of employment. This program will include on-site child care, tutoring services for children and mentoring services for the parents with the goal of breaking down the barriers to employment and self-sufficiency. In addition, \$25.0 million is included to create the Michigan Affordable Housing Fund. The Fund is to be administered by the Michigan State Housing Development Authority, and it will support lease-to-purchase programs, Habitat for Humanity projects and other innovative home-ownership programs. Finally, the program includes \$5.0 million to be used as matching funds in the area of Individual Development Accounts (IDA). Individual Development Accounts can be established as savings accounts with the objective of saving toward home ownership, educational tuition, or entrepreneurial pursuits.

FTEs	0.0
Gross	\$50,000,000
GF/GP	\$0

2. Teen Pregnancy Reduction

The supplemental appropriates the recent \$20.0 million federal TANF bonus award received by Michigan, as a result of its success in reducing out-of-wedlock births, to intensify efforts in this area. This initiative to reduce out-of-wedlock births will focus on replicating teen pregnancy services with proven track records of success throughout the state. Additionally, a portion of the funding will be used to strengthen paternity identification rates.

FTEs	0.0
Gross	\$20,000,000
GF/GP	\$0

3. Increase in Children's Trust Fund

The supplemental allocates \$13.1 million GF/GP to the corpus of the Children's Trust Fund, bringing the balance of this endowment fund up to \$20.0 million. This fully funds the trust account and, accordingly, eliminates the need for the special check-off contribution presently on the state's individual income tax form. The Children's Trust Fund is designed to create additional financial support for community-based child abuse and neglect prevention programs throughout the state.

FTEs	0.0
Gross	\$13,145,200
GF/GP	\$13,145,200

4. Increase Funding to Reduce Food Stamp Issuance Errors

The supplemental includes \$18.8 million GF/GP to cover spending required by the federal government resulting from the recent food stamp audit which indicated that the state's error rate was above the national average. Funding will be used over the remainder of FY 1999-2000 and into FY 2000-01 to put in place controls and procedures aimed at significantly reducing the food stamp issuance error rate so that the state will be in compliance with federal guidelines.

FTEs	0.0
Gross	\$18,813,000
GF/GP	\$18,813,000

5. Increase Funding For Personal Computers

The supplemental adds \$15.0 million Gross, (\$6.0 million GF/GP) for the purchase of personal computers. The new personal computers will replace older, less efficient units that do not effectively run present-day software applications such as the Client Information System (CIS) and the Automated Social Services Information and Support System (ASSIST). Recent testimony from the Department indicates that the new units will significantly improve response time and, accordingly, improve the efficiency of its workers.

FTEs	0.0
Gross	\$15,000,000
GF/GP	\$6,000,000

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

6. Home Property Credit for Low Income Families	FTEs	0.0
The supplemental includes \$27.0 million in federal TANF funds to finance the refundable portion of the Homestead Tax Credit for families below 200% of the federal poverty level. Currently, the tax credit is financed with GF/GP. Under this proposal, each federal dollar spent in this manner will result in a direct savings to the state's GF/GP balance.	Gross	\$27,000,000
	GF/GP	\$0
7. TANF / Maintenance-of-Effort Correction	FTEs	0.0
In order to comply with the recently-published final federal regulations which stipulate how TANF funds can be spent and where state maintenance-of-effort (MOE) dollars can be designated, the supplemental adds \$16.3 million in GF/GP authorization back into the FIA budget. The final regulations, which went into effect October 1, 1999, disallowed the state's planned usage of TANF funding or designation of state MOE for purchased services in the area of foster care (\$5.3 million), certain in-home youth services (\$6.0 million), and the Michigan child tax credit (\$5.0 million).	Gross	\$0
	GF/GP	\$16,300,000
8. Community Services Block Grants	FTEs	0.0
The supplemental includes \$1.0 million in GF/GP to be utilized by local Community Action Agencies to assist low-income families with achieving self-sufficiency.	Gross	\$1,000,000
	GF/GP	\$1,000,000
9. Family Preservation and Prevention Services	FTEs	0.0
The supplemental provides an additional of \$3.0 million in TANF to the family preservation and prevention services line item; \$1.0 million is for the Child Well Being program (which was funded in the Department of Community Health budget in FY 1997-98 and FY 1998-99); \$2.0 million is to expand the secondary prevention program for ages 0-3.	Gross	\$3,000,000
	GF/GP	\$0
10. Domestic Violence Prevention and Treatment Services	FTEs	0.0
The supplemental includes the addition of \$370,000 to the Domestic Violence Prevention and Treatment line item due to increases in federal Family Violence Prevention and Services grant funding.	Gross	\$370,000
	GF/GP	\$0
11. Payroll Taxes and Fringe Benefits	FTEs	0.0
The supplemental provides \$12.0 million in federal funds that were not anticipated when the FY 1999-2000 budget was developed, but were subsequently made available to the states. Federal fund sources include, but are not limited to, TANF, Food Stamp issuance funding, and Title XIX (medicaid administrative costs). Funding will be used to support expenditures in the area of payroll taxes and fringe benefits.	Gross	\$12,000,000
	GF/GP	\$0
12. Attorney General Contract	FTEs	0.0
The supplemental includes the addition of \$375,000 to the Attorney General Contract line item due to greater-than-anticipated Title IV-E (federal foster care and adoption assistance funding) claimable expenses.	Gross	\$375,000
	GF/GP	\$0
13. CSES Penalty	FTEs	0.0
The supplemental adds \$17.3 million GF/GP to the budget to recognize reduced Title IV-D funding due to sanctions imposed on the state for failure to meet the federal Child Support Enforcement System (CSES) certification deadline.	Gross	\$0
	GF/GP	\$17,300,000

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

14. Lapse Revenue Account

The supplemental encourages the eventual elimination of the department-wide lapse revenue line located within the Central Support Accounts unit. By adding \$8.0 million GF/GP, the remaining balance within this line will be \$24,200. The department-wide lapse revenue line acts as a funding source and, in reality, creates a goal for the Department to under-spend the GF/GP funding for the fiscal year by at least the amount within the department-wide lapse revenue line. This funding source is completely eliminated in the FY 2000-01 budget.

FTEs	0.0
Gross	\$0
GF/GP	\$8,000,000

**FY 2000-01
Budget Detail
for
REGULATORY**

**Career Development
Consumer and Industry Services
Michigan Strategic Fund**

CAREER DEVELOPMENT

PUBLIC ACT 292 OF 2000

Analyst: Robert Schneider

HB 5274

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	1,135.0	1,145.0	10.0	0.9
GROSS	\$616,612,300	\$523,454,400	(93,157,900)	(15.1)
IDG/IDT	1,047,000	1,048,000	1,000	0.1
ADJUSTED GROSS	\$615,565,300	\$522,406,400	(93,158,900)	(15.1)
FEDERAL	474,694,900	468,818,800	(5,876,100)	(1.2)
LOCAL	14,867,900	14,962,800	94,900	0.6
PRIVATE	2,875,300	2,670,400	(204,900)	(7.1)
OTHER	80,020,300	10,495,800	(69,524,500)	(86.9)
GF/GP	\$43,106,900	\$25,458,600	(17,648,300)	(40.9)

OVERVIEW - CAREER DEVELOPMENT

Created by Executive Order 1999-1, the Department of Career Development (DCD) is responsible for administering the state's workforce development and job training programs. This includes the state's Work First and Welfare-to-Work programs for welfare recipients; federally-funded job training and placement programs funded through the federal Workforce Investment Act; Michigan Rehabilitation Services, which provides employment-related services for disabled individuals; and the Employment Service Agency, which provides employment and placement services to the general population. Beginning January 1, 2000, the Department also took the responsibility of administering the state's career and technical education, career preparation, and adult education programs as a result of Executive Order 1999-12.

The table preceding this overview shows that the FY 2000-2001 budget for the DCD represents a 15.1% decrease from FY 1999-2000 appropriation levels. This decrease, however, is due largely to elimination of a one-time FY 1999-2000 appropriation of \$75.0 million in tobacco settlement revenue for various Department initiatives as well as inclusion of FY 1999-2000 supplemental appropriations in the year-to-date figures. Adjusting the figures for these changes, the DCD budget actually increases by 2.0% from the prior fiscal year. This includes a 12.6% increase in GF/GP appropriations.

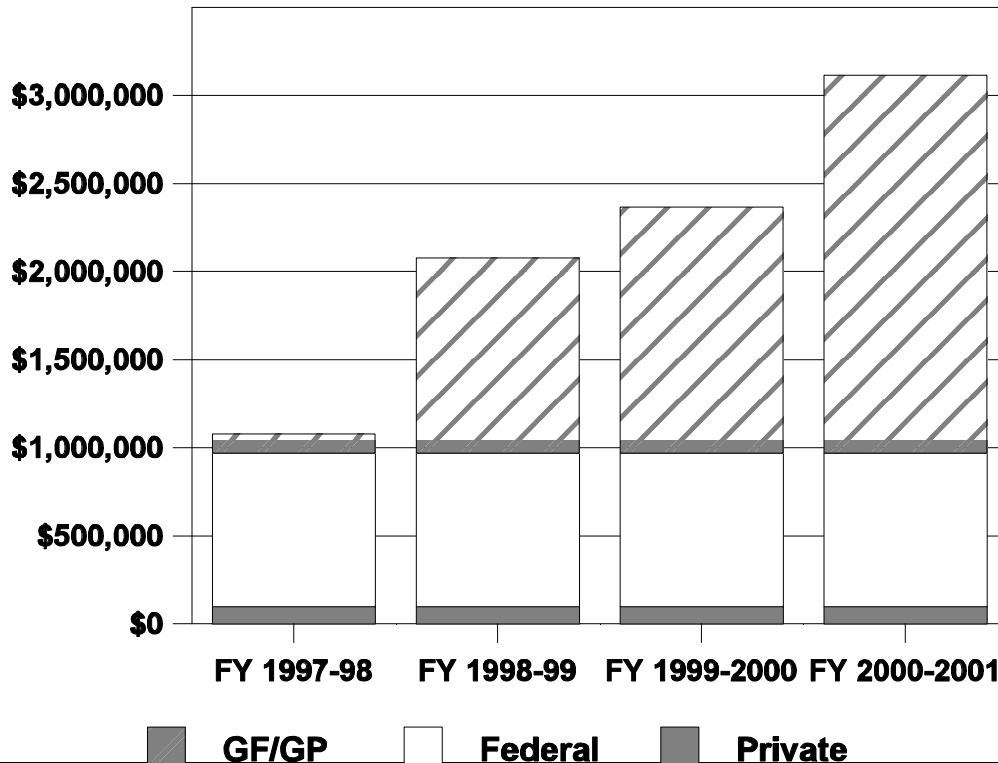
The state's network of One Stop Service Centers, administered by 25 regional workforce development boards, will receive an additional \$1.2 million in GF/GP appropriations under the enacted budget act. The federal government provided start-up funding for the creation of these centers, and there are currently over 100 such centers in operation around the state. The new funding will assist the centers as they transition into operating under the new federal Workforce Investment Act, which establishes the funding streams that support the programs operating within the centers.

Other major changes include an increase for Michigan's Centers for Independent Living and a new line item appropriation for the Council of Michigan Foundations. The Legislature includes a \$750,000 GF/GP increase for grants to Michigan's Centers for Independent Living which provide advocacy, peer support, and basic skills training services to individuals with disabilities. This represents the third consecutive increase in GF/GP support for the centers. The Council of Michigan Foundations receives a \$6.0 million line item appropriation under the enacted budget. This funding will support local efforts aimed at youth and senior health needs and replaces a boilerplate appropriation for this same purpose in the FY 1999-2000 appropriations act.

In addition, the enacted budget includes an additional 3.0 FTE positions and \$434,000 in GF/GP revenue for the Michigan Community Service Commission. The increase would support administration of the commission's volunteerism programs. Finally, 6.0 FTE positions and \$530,000 are transferred to the Department from the Michigan Economic Development Corporation to support administration of new policy initiatives within the Department.

The enacted budget includes new federal revenue for various programs, including \$3.7 million in new U.S. Department of Education funding for rehabilitation services; \$980,600 in new Adult Basic Education revenue to support adults lacking adequate reading, math, and other basic skills; and \$198,800 in new revenue to implement the new federal Workforce Investment Act (WIA). A \$300,000 GF/GP increase is also approved to assist the Department in meeting state match requirements related to WIA. And finally, the budget reflects the phase-out of the federal School-to-Work Implementation Grant. Fiscal Year 1998-99 was the final full fiscal year for the grant program, though Michigan has received an additional grant award which will provide for some administrative costs through December of 2000.

Appropriations for Centers for Independent Living



BUDGET CHANGES: FY 2000-01

MAJOR

Budget Issue

Change from FY 1999-2000

1. One Stop Service Centers

An additional \$1.2 million in GF/GP revenue is appropriated to support the state's One Stop Service Centers, which provide one-stop access to various federally-supported employment assistance programs (e.g., welfare-to-work, federal job training programs, vocational rehabilitation). There are currently over 100 such centers state-wide. The centers are administered by 25 regional workforce development boards.

FTEs	0.0
Gross	\$1,200,000
GF/GP	\$1,200,000

2. Centers for Independent Living

The Legislature increases the appropriation for grants to the state's 12 nonprofit Centers for Independent Living by 31.7% from the FY 1999-2000 appropriation of just under \$2.4 million. The centers assist disabled individuals in functioning independently in society by providing local advocacy, peer support, and independent living skills training useful both at home and in the workplace. As shown in the chart above, the increase represents the third consecutive GF/GP funding increase provided by the Legislature for the centers. Under the enacted budget, GF/GP revenue would make up 66% of the total appropriation for FY 2000-01, up from 10% in FY 1997-98.

FTEs	0.0
Gross	\$750,000
GF/GP	\$750,000

BUDGET CHANGES: FY 2000-01	MAJOR
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<u>Budget Issue</u>	<u>Change from FY 1999-2000</u>	
3. Transfer from the Michigan Strategic Fund Agency The budget includes the transfer of 6.0 FTE positions and \$530,000 in federal Employment Service funding to the Department from the Michigan Economic Development Corporation (MEDC). The transferred staff were involved in administration of the MEDC's Economic Development Job Training program. They will be involved in administration of other policy initiatives within the Department.	FTEs	6.0
	Gross	\$530,000
	GF/GP	\$0
4. Michigan Community Service Commission A total of 3.0 FTE positions and \$434,000 (GF/GP) are added to support administration of Michigan Community Service Commission volunteerism programs. This funding will assist the Commission in administering its various grant programs such as the Volunteer Investment Grants program, the Connect Michigan Volunteer Awareness program, and Michigan's Promise. The MCSC will also be providing grant administration for the tobacco settlement appropriation to the Council of Michigan Foundations (see item #7).	FTEs	3.0
	Gross	\$434,000
	GF/GP	\$434,000
5. Additional GF/GP for Workforce Investment Act Costs The Legislature adds an additional \$300,000 in GF/GP appropriations to assist the Department in administering the provisions of the new federal Workforce Investment Act. The new federal act's provisions reduce the amount of federal revenue available for program administration.	FTEs	0.0
	Gross	\$300,000
	GF/GP	\$300,000
6. Federal School-to-Work Grant The budget continues the phase-out of authorizations for the federal School-to-Work (STW) grant. Nearly \$5.2 million in federal spending authority for School-to-Work programs is removed, including \$1.8 million appropriated to the Department of Education for FY 1999-2000. Fiscal Year 1998-99 was the last full year of the federal grant. Michigan has received a grant extension through December of 2000. For this reason, \$700,000 in authorization remains in FY 2000-01 for additional administrative costs.	FTEs	0.0
	Gross	(\$5,175,600)
	GF/GP	\$0
7. Tobacco Settlement Revenue to the Council of Michigan Foundations The enacted budget includes the direct line item appropriation of \$6.0 million in tobacco settlement revenue to the Council of Michigan Foundations to support community-based youth and senior health initiatives. This funding will be disbursed to local community foundations throughout the state based on youth and senior citizen populations within their areas. The FY 1999-2000 budget act for the Department included a boilerplate provision appropriating the interest on the portion of the tobacco settlement revenue not earmarked for Michigan Merit Award Trust Fund for this purpose. This boilerplate appropriation amounted to roughly \$2.1 million for FY 1999-2000.	FTEs	0.0
	Gross	\$6,000,000
	GF/GP	\$6,000,000
8. Federal Funding for Adult Education The Legislature includes an additional \$980,600 in federal funding within the budget for Adult Basic Education grants distributed to local educational agencies to support adult education efforts focused on individuals aged 16 or older who do not have sufficient skills in reading, math, and other basic educational skills.	FTEs	0.0
	Gross	\$980,600
	GF/GP	\$0

MAJOR

BUDGET CHANGES: FY 2000-01

Budget IssueChange from FY 1999-2000**9. Local Revenue for Employment Service Staff**

The budget includes \$4.0 million in additional local spending authority for the Employment Service Agency. This authority will be used to pay the salaries and wages of 38 state employees under contract to provide employment services in three designated regions of the state on behalf of the regions' workforce development boards. The state employees successfully bid to provide services in these areas.

FTEs	0.0
Gross	\$4,000,000
GF/GP	\$0

ECONOMICS: FY 2000-01

Economic Increases

The enacted budget includes economic increases of \$1.9 million (\$295,000 GF/GP) to facilitate salary/fringe increases for personnel (including a 3.0% overall increase in salaries for the Department's 6.0 unclassified positions), as well as for anticipated increases in contractual services and materials, travel, vehicle, equipment, rent, and other general costs.

FTEs	0.0
Gross	\$1,910,200
GF/GP	\$295,000

MAJOR BOILERPLATE CHANGES: FY 2000-01

1. Work First Program

The Legislature adds new language which requires continued collaboration between the Department and the Family Independence Agency on refining and making available joint guidelines on the eligibility of Work First participants for post-employment training and on how training/education hours can be applied toward federal work requirements. The language requires that a progress report on continuing efforts be submitted to the Legislature. In addition, new provisions provide that in cases where a short-term vocational program lasts less than six months, a Work First participant may be eligible for an additional short-term vocational program for a combined period not to exceed six months. Current law limited eligibility to only one short-term vocational program, regardless of the time length of the program.

2. Work First Data Collection and Reporting

New language would require the Department to collect data on the employment outcomes of Work First participants whose cases were or will be closed during FY 1998-99 and FY 1999-2000. The data would include information on employment status, wages earned, benefits received through an employer, any public assistance received, and the perception of the participants with regard to their post-program status. The language would require reporting on the data to the relevant appropriations subcommittees. The language replaces similar language in Sec. 312 of the FY 1999-2000 appropriations act, except that this language required data on individuals at intervals of 90 days, one year, and three years after their completion of the program.

3. Support for One-Stop Service Centers

New provisions require the Department to allocate sufficient funds to the One-Stop Service Centers to allow the centers to remain fully functional.

4. Legislative Intent for Adult Education Programs

The Legislature establishes its intent that the Department ensure that at least \$80.0 million in adult education program funding be distributed through the existing grant process and that no more than \$20.0 be distributed through any alternative process.

MAJOR BOILERPLATE CHANGES: FY 2000-01

5. *King-Chavez-Parks Initiative*

New language is added to the enacted budget act regarding the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks initiative which was transferred to the Department from the Department of Education. First, reporting language is added which requires the Department to compile information from each state university participating in the Future Faculty Program on the employment outcomes of participants. Second, language from the Higher Education budget which establishes the intent of the individual programs within the initiative is moved into the DCD budget act as well. Finally, new language is added requiring the Department to market the program to students and parents and to administer the program in the same manner as it was administered within the Department of Education.

6. *Report on Centers for Independent Living*

FY 1999-2000 boilerplate language is deleted; this language made the FY 1999-2000 funding increase provided to the centers contingent upon submission and legislative approval of a joint report on spending plans and outcomes. However, annual reporting on anticipated outcomes, budgetary details, and taxpayer savings is retained. In addition, the Legislature adds new language specifying that Centers for Independent Living are to develop and report on a number of specific outcome measures listed in boilerplate.

7. *Medicaid Buy-in Program for the Working Disabled*

New language requires the Department to work collaboratively with the Department of Community Health to establish a Medicaid Buy-in Program for working disabled individuals. Recently-enacted federal legislation allows states to set up such programs.

8. *New Boilerplate Related to Programs Transferred from Department of Education*

The enacted budget includes three new boilerplate sections which appeared in the FY 1999-2000 Department of Education budget act and which are related to the programs moved over to the DCD through the recent executive order transfers. The sections are summarized below:

- g Carry-forward of federal funds — Allows the Department to carry-forward unexpended federal pass-through funds that do not require an additional match.
- g Private occupational school license fees — Appropriates these fees to finance 3.0 FTE positions within the Proprietary Schools Oversight Unit.
- g School Loan Exception Fee Fund — Allows for the carry-forward of unexpended balances.
- g Defaulted Loan Fees — Appropriates up to \$100,000 in defaulted loan fee collections from the King-Chavez-Parks program for the administration of collection efforts.

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000**1. Summer Youth Program**

Federal Temporary Assistance for Needy Families (TANF) funds are included for a Summer Youth Program which will provide educational and employment opportunities for youths between 14 and 19 years of age who are either Family Independence Program cash grant recipients or reside in foster homes. Funding will be allocated to regional Michigan Works! agencies based on the population of eligible youths in each region. The program is expected to serve up to 24,000 youths state-wide.

FTEs	0.0
Gross	\$8,000,000
GF/GP	0

2. Focus:HOPE

Additional one-time funding is appropriated to support Focus:HOPE's job training and readiness programs.

FTEs	0.0
Gross	\$10,500,000
GF/GP	10,500,000

3. Community Service Alliance

The appropriation will be used to establish an endowment which will be used to support the administration and volunteerism programs of the Alliance, which is made up of the Michigan Community Service Commission, the Michigan Campus Compact, the Michigan Nonprofit Association, and the Volunteer Centers of Michigan.

FTEs	0.0
Gross	\$10,000,000
GF/GP	10,000,000

CONSUMER & INDUSTRY SERVICES

PUBLIC ACT 293 OF 2000

Analyst: Robert Schneider

HB 5275

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	4,212.9	4,257.9	45.0	1.1
GROSS	\$500,458,500	\$529,756,600	\$29,298,100	5.9
IDG/IDT	4,020,900	109,200	(3,911,700)	(97.3)
ADJUSTED GROSS	\$496,437,600	\$529,647,400	\$33,209,800	6.7
FEDERAL	219,315,000	237,626,000	18,311,000	8.3
LOCAL	0	0	0	0.0
PRIVATE	791,900	745,900	(46,000)	(5.8)
OTHER	195,473,200	207,513,200	12,040,000	6.2
GF/GP	\$80,857,500	\$83,762,300	\$2,904,800	3.6

OVERVIEW - CONSUMER AND INDUSTRY SERVICES

The Department of Consumer and Industry Services (CIS) acts as the primary regulatory agency within Michigan's state government, having regulatory and administrative responsibilities in a diverse number of policy areas, including the regulation of specific industries (e.g., public utilities, banking and insurance, liquor, construction), the licensing and regulation of certain occupational groups (e.g., doctors, architects, morticians), the monitoring and licensing of statutorily-regulated facilities (e.g., nursing homes, clinical laboratories), the administration of the state's unemployment insurance and worker's compensation programs, and the administration of arts and cultural grants. The chart following this overview reviews how the appropriations are divided across these different program areas. The enacted budget contains a 5.9% increase in gross appropriations for the Department for FY 2000-2001. General fund/general purpose appropriations increase by 3.7% over FY 1999-2000 levels under the new appropriations act.

The highlight of the FY 2000-2001 budget is a \$4.1 million increase for arts and cultural grants — a 19.0% increase over FY 1999-2000 appropriations. The grants are administered by the Michigan Council for Arts and Cultural Affairs (MCACA), a 15-member panel appointed by the Governor. MCACA administers ten grant programs which provide funding support to a wide variety of arts and cultural organizations throughout the state. These include not only the state's largest and most notable organizations, but also small local organizations, regional arts councils, and arts programs within local schools. In addition to the new funding, the Legislature added a variety of new boilerplate provisions that establish new programs to support currently underserved organizations and that require MCACA to assess and, where applicable, improve its current grant processes.

The largest program increase in the budget is the appropriation of an additional \$4.95 million in federal funding for the Michigan State Housing Development Authority; \$4.0 million would provide for 1,200 additional Section 8 housing certificates which provide rental assistance to qualified low-income households. The remaining \$950,000 would be used by MSHDA to oversee the management of project-based housing developments.

The Legislature also adds new funding for inspectors within the day care licensure, occupational safety, and construction codes divisions within the Department. An additional \$1.4 million in federal funding will allow the Department to add up to 20 new staff positions to support its day care licensing and registration activities. Another \$224,000 (\$104,000 GF/GP) is added to support five new construction industry safety inspectors within the Bureau of Safety and Regulation. Lastly, the Department would be able to hire additional limited-term state construction inspectors during peak construction periods using a \$441,500 appropriation increase for "Code Enforcement Flexibility." The increase was proposed by the Governor in response to increased construction activity in recent years.

Local units of government which provide fire protection services to state-owned facilities will see larger fire protection grant payments from the state as a result of the \$796,000 increase provided for this purpose. The grants are distributed to these local units through a statutory formula. However, the grants are subject to legislative appropriations and have not been fully funded in the past. The increase will allow grants to reach roughly 43% of fully-funded levels.

The budget also includes \$240,000 in additional restricted fund revenue for the Office of Financial and Insurance Services to support the annual examination of state-chartered credit unions and the licensing and regulation of non-depository financial institutions (e.g., finance companies, mortgage brokers and servicers). These increases are linked to the increased level and diversity of financial activity conducted through these institutions.

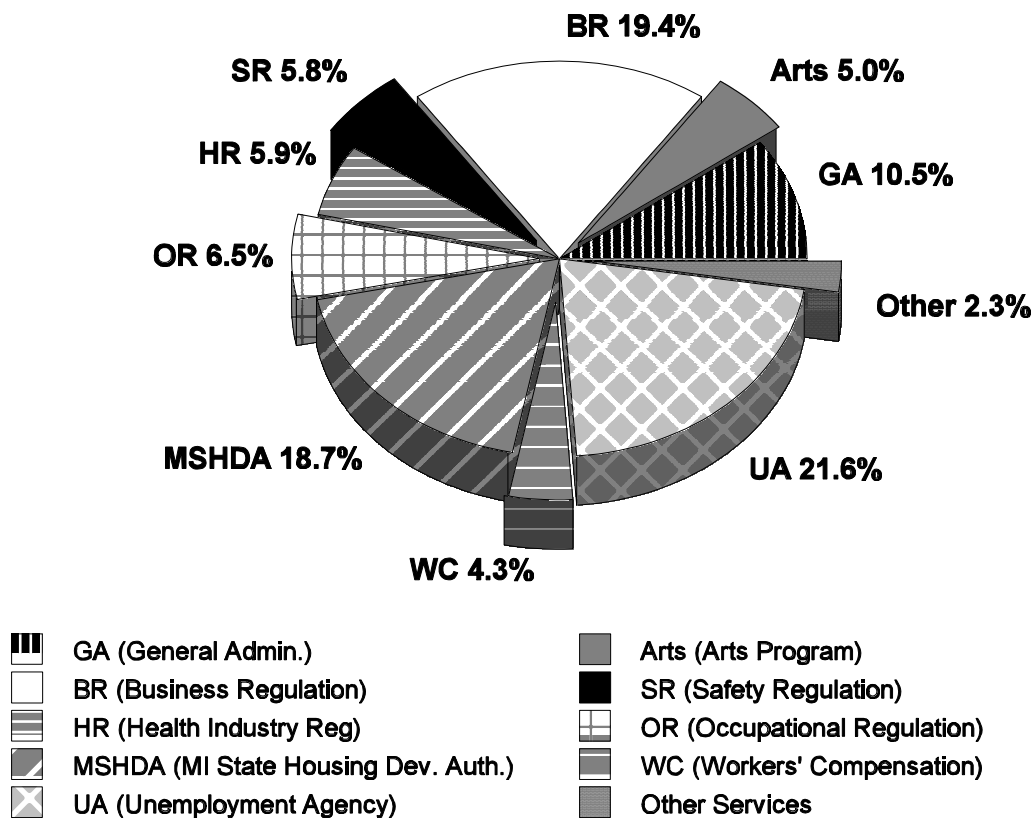
A \$500,000 increase is provided for the state's Survey and Remonumentation Program.

Consumer and Industry Services

Remonumentation grants are distributed by the Department to reimburse Michigan counties for their costs in remonumenting the original U.S. public land survey corners which serve as the basis for all public and private property boundaries. State law mandates that these corners be continuously re-established over 20-year cycles. The funding increase would assist counties in meeting this mandate.

Finally, the Legislature approved a one-time \$3.7 million increase in federal spending authority for the Unemployment Agency to facilitate its transition to a Remote Initial Claims System which would allow workers to file for unemployment benefits over the phone or by computer.

FY 2000-2001 CIS Appropriations by Function



MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue**Change from FY 1999-2000****1. Arts and Cultural Grants**

The Legislature provides an increase of \$4.1 million for the state's Arts and Cultural Grants Program administered by the Michigan Council for Arts and Cultural Affairs. The 15-member council annually allocates this appropriation to arts and cultural organizations throughout the state through the council's ten grant programs. Related boilerplate in the FY 2000-01 budget bill includes new initiatives, including a regional services provider category for mid-level organizations and re-establishment of the arts organization development program. It also provides that the council preserve funding capacity for new anchor organization applicants in future fiscal years.

FTEs	0.0
Gross	\$4,100,000
GF/GP	\$4,100,000

2. Unemployment Agency Remote Initial Claims Conversion

The budget includes a one-time appropriation of \$3.7 million to the Unemployment Agency (UA) for its transition to a Remote Initial Claims System (RICS). The agency administers the state's unemployment insurance program. This new system will allow workers to file an initial claim for unemployment benefits by phone or computer rather than in person at a UA branch office (as is currently required); \$2.0 million in federal funding would be used to cover increased rental costs related to the transition. The agency will have to operate some of its leased branch offices as well as three new RICS-equipped centers during this time period. The remaining \$1.7 million would be drawn from the state's penalty and interest revenue account and would be used to provide other job and employment skills training for UA staff affected by the transition to the new system.

FTEs	0.0
Gross	\$3,700,000
GF/GP	\$0

3. Federal Funding for Section 8 Housing Certificates

Just over \$4.9 million in additional federal funding will be available for the Section 8 rental assistance program administered by the Michigan State Housing Development Authority (MSHDA). The funds will enable MSHDA to issue 1,200 additional Section 8 certificates which provide rental assistance payments to the landlords of eligible low-income households; \$4.0 million of this increase would go to direct support, while \$950,000 would go towards new MSHDA oversight responsibilities involving project-based housing developments.

FTEs	0.0
Gross	\$4,950,000
GF/GP	\$0

4. Federal Funds for Day Care Licensing Activities

A total of \$1.9 million in new federal funding is provided to support the Department's day care licensing efforts. The Legislature adds nearly \$1.4 million in federal funding to allow the Department to add up to 20 day care licensing staff positions. Another \$400,000 is added to provide spending authority for additional federal funding available to cover day care licensing activities. Finally, \$164,000 is transferred from the Family Independence Agency to provide for the costs of the Department's contract with the state's Community Coordinated Child Development Councils (4C's) to provide licensing support services such as new provider orientations and training.

FTEs	20.0
Gross	\$1,964,000
GF/GP	\$0

MAJOR BUDGET CHANGES: FY 2000-01**Budget Issue****Change from FY 1999-2000****5. Technology Expenditures and Mainframe Charges**

The Legislature includes an additional \$1.4 million for technology-related expenditures. The Department would use \$1.0 million to finance its conversion to a new Microsoft software package; \$825,000 of this amount represents a one-time appropriation to cover initial license agreement costs. Another \$150,000 (\$80,000 GF/GP) would be used to support training and web development activities within the Department. Finally, the budget includes \$300,000 to cover increased mainframe costs paid to the Department of Management and Budget.

FTEs 0.0
Gross \$1,450,000
 GF/GP \$80,000

6. Rent and Building Occupancy Charges

The Legislature includes an increase of \$1.3 million for rent and building occupancy charges. The bulk of the increase (\$1.2 million) is related to the relocation of the Michigan State Housing Development Authority (MSHDA).

FTEs 0.0
Gross \$1,310,200
 GF/GP \$175,000

7. Fire Protection Grants

The Legislature adds \$746,000 in Liquor Purchase Revolving Fund revenue to the appropriation for Fire Protection Grants. The grants are distributed to local units of government which provide fire protection services to state-owned facilities in accordance with 1977 PA 289. Funds are distributed according to a statutory formula which is based on the assessed value of the relevant state facilities and the local unit's fire protection budget. However, the statute provides that grant payments are subject to legislative appropriations for this purpose, and appropriation levels have fallen below the level necessary to fully fund the grants. This increase will allow the grants to reach roughly 43% of fully-funded levels.

FTEs 0.0
Gross \$746,000
 GF/GP \$0

8. Support for AIS-MR Facilities for the Mentally Retarded

The Legislature approves the transfer of \$560,000 in GF/GP revenue from the Department of Community Health to CIS to support licensing and fire safety activities within AIS-MR adult foster care facilities which provide residential foster care to mentally retarded individuals. Of this amount, \$460,000 will support staff that regularly survey and inspect such facilities and make recommendations on the certification of these facilities within the Medicaid program. The remaining \$100,000 would be used to support fire safety personnel responsible for determining that the facilities meet fire safety standards.

FTEs 0.0
Gross \$560,000
 GF/GP \$560,000

9. Remonumentation Grants

The enacted budget includes an additional \$500,000 in restricted revenue for remonumentation grants. The grants are paid out to Michigan counties as reimbursement for their efforts to remonument the original U.S. public land survey corners which serve as the basis of all public and private property boundaries. State law requires the corners to be re-established in 20-year cycles.

FTEs 0.0
Gross \$500,000
 GF/GP \$0

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

10. Construction Code Enforcement Staff

The budget provides that an additional \$441,500 in restricted revenue be appropriated to the "Code Enforcement Flexibility" line item. This line provides funding to the Department to hire limited-term construction inspectors during peak periods of construction starts to supplement the work of permanent Department staff.

FTEs 0.0
Gross \$441,500
 GF/GP \$0

11. Occupational Safety Inspectors

Five additional construction industry safety inspectors are provided through a \$244,000 increase to the "Occupational Safety and Health" line item. A combination of Safety Education and Training Fund revenue (\$120,000) — which is generated through assessments on industry — and GF/GP revenue (\$104,000) is used to finance the new positions.

FTEs 5.0
Gross \$224,000
 GF/GP \$104,000

12. Increase for Financial Regulation and Oversight

The budget includes an increase of \$240,000 in restricted fee revenue to support the expansion of two programs within the Office of Financial and Insurance Services (OFIS). An additional \$120,000 and 2.0 FTEs are allocated to the OFIS Credit Union Division, which regulates and examines state-chartered credit unions. The remaining \$120,000 and 2.0 FTEs would support the Consumer Protection Division, which is responsible for licensing and monitoring the state's non-depository financial institutions, such as finance and mortgage companies, as well as mortgage brokers and servicers. The increase is linked to the increased level of financial activity in these areas.

FTEs 4.0
Gross \$240,000
 GF/GP \$0

ECONOMICS: FY 2000-01

Economic Increases

The budget includes economic increases of \$17.1 million (\$3.2 million GF/GP) to facilitate salary/fringe increases for personnel (including a 9.8% overall increase in salaries for the Department's 64.5 unclassified positions), as well as for anticipated increases in contractual services and materials, travel, vehicle, equipment, rent, and other general costs.

FTEs 0.0
Gross \$17,138,000
 GF/GP \$3,151,300

MAJOR BOILERPLATE CHANGES: FY 2000-01

1. Arts and Cultural Grants

The Legislature makes a number of significant revisions to the boilerplate governing the administration of the arts and cultural grants program through the Michigan Council for Arts and Cultural Affairs (MCACA). Many of these changes are related to the \$4.1 million GF/GP funding increase for the grants and help establish guidelines for how the new funding is to be utilized. These changes are summarized below:

- g Regional Services Provider program — This program will provide funding to mid-level organizations that serve regional audiences and are not large enough to qualify as state-wide anchor organizations. Boilerplate provides that FY 2000-01 funding be distributed in a manner which supports the development of this program, while preserving capacity to fund new anchor organizations during the following grant cycle.
- g Arts Organization Development program — The program is to be re-established for FY 2000-001. This program helps support the long-term development and growth of an organization.
- g Rural Arts and Cultural Projects — This program will encourage the development and participation of rural organizations in arts and cultural activities and will target underserved areas of the state.
- g Funding Limitations — New language restricts the distribution of appropriations in two ways: a) prohibits anchor organizations that received total grant awards in excess of 10% of their operating revenue for FY 1999-2000 from receiving any increase in the total grant award for FY 2000-01; and b) provides that MCACA use its best efforts to limit the funds allocated to the anchor organization category to no more than 65% of the total appropriation.
- g Assessments of Grant Processes — New boilerplate provisions require MCACA to conduct an assessment of its granting processes and procedures and of the distribution of mini-grant awards through regional re-granting agencies. Findings are to be reported to the Legislature.
- g Information for Grant Applicants — New language requires MCACA to provide written feedback to unsuccessful grant applicants and to make available to grant awardees any written comments regarding the awardee's grant application or peer review evaluation.
- g Auditor General Recommendations — Boilerplate provisions require MCACA to report to the Legislature on steps taken to implement the recommendations made in the most recent performance audit of the Council.
- g Expanded legislative reporting requirements are added to enhance legislative oversight of grant distribution.

2. Joint Nursing Home Surveyor - Provider Training and Consultation

New language requires the Department to semi-annually provide joint training with nursing home surveyors and providers on frequently-issued citations within the state. The Department is also required to work with stakeholders to clarify the terminology used in the regulation of the industry to provide for a more consistent regulatory process.

3. Posting of Nursing Home Inspection Summaries

Boilerplate changes require each nursing home that receives a Nursing Home Quality Incentive grant to post the executive summary of the home's last annual inspection in a conspicuous place for public review.

4. Internet Access to Nursing Home and Day Care Inspection Information

New boilerplate provisions require the Department to post the executive summaries of the latest inspections for each licensed nursing home on the Internet. The Department is also directed to work towards posting executive summaries of day care facility inspections on the Internet.

5. Unemployment Insurance Information in One-Stop Centers

New language requires the Department to work collaboratively with the Department of Career Development to ensure that each of the state's One Stop Service Centers assist individuals and respond to inquiries regarding unemployment benefits and the remote initial claims system.

MAJOR BOILERPLATE CHANGES: FY 2000-01

6. Accounting for Insurance Fees

New provisions require the commissioner of the Office of Financial and Insurance Services (OFIS) to separately account for all insurance fee revenue authorized through the Insurance Code. In addition, the Department is required to report to the appropriation subcommittees regarding the expenditure of Insurance Regulatory Fees for the previous fiscal year within the Department's Executive Direction and Management Services appropriations units as well as for the salary and expenditures of the Commissioner of the OFIS.

VETOES: FY 2000-01

Regional Communications Emergency Operations

FTEs 0.0

Mobile Command Post

Gross \$50,000

The appropriation would have provided \$50,000 to the Oakland County Sheriff Department to support the establishment of the post. Related boilerplate required a dollar-for-dollar local match.

GF/GP \$50,000

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. Fire and Emergency Training Center

FTEs 0.0

The Legislature appropriates \$1.0 million for the operations of the center which is housed at Macomb Community College.

Gross \$1,000,000

GF/GP \$1,000,000

2. Regional Emergency Medical Services Training Center

FTEs 0.0

The Legislature appropriates \$2.0 million for the center which provides fire and emergency services training. The center is located at Oakland Community College.

Gross \$2,000,000

GF/GP \$2,000,000

MICHIGAN STRATEGIC FUND

PUBLIC ACT 292 OF 2000

Analyst: Robert Schneider

HB 5274

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	241.0	235.0	(6.0)	(2.5)
GROSS	\$218,917,100	\$169,082,800	(49,834,300)	(22.8)
IDG/IDT	100,000	100,000	0	0.0
ADJUSTED GROSS	\$218,817,100	\$168,982,800	(49,834,300)	(22.8)
FEDERAL	53,203,200	52,673,200	(530,000)	(1.0)
LOCAL	0	0	0	0.0
PRIVATE	656,700	656,700	0	0.0
OTHER	50,050,000	50,050,000	0	0.0
GF/GP	\$114,907,200	\$65,602,900	(49,304,300)	(42.9)

OVERVIEW - MICHIGAN STRATEGIC FUND

Executive Order (EO) 1999-1, which became effective on April 5, 1999, reorganized the programs and functions formerly administered by the Department of Michigan Jobs Commission into the Department of Career Development, which focuses on workforce development/job training programs, and the Michigan Strategic Fund Agency (MSF), which consolidates the state's economic development programs and serves as an autonomous agency within the Department of Management and Budget. As provided in EO 1999-1, the MSF has entered into interlocal agreements with various local units of government to form the new Michigan Economic Development Corporation (MEDC), which will administer the bulk of the state's economic development programs in partnership with local units of government. The organization of the MEDC is reviewed in the chart following this overview.

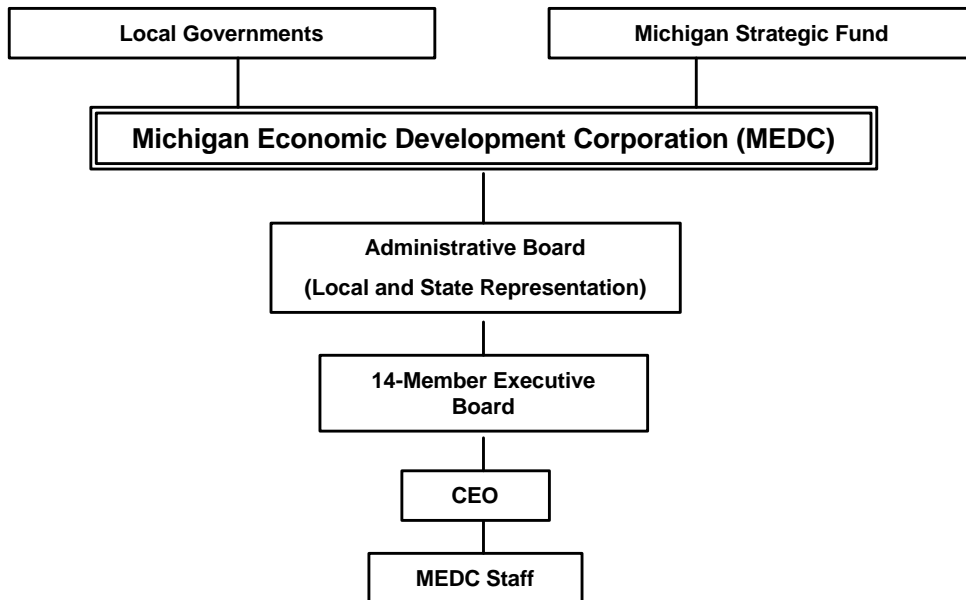
The FY 2000-01 enacted budget for the Michigan Strategic Fund Agency provides for a 22.8% decrease in gross appropriations and a 42.9% decrease in GF/GP appropriations from FY 1999-2000 year-to-date figures. The large decrease, however, is attributable to the FY 1999-2000 supplemental appropriation of \$50.0 million for the Michigan Core Communities Fund which will assist local units of government to finance infrastructure and site development projects that could foster economic development. Adjusting the FY 1999-2000 figures for the supplemental appropriation, the FY 2000-2001 appropriation increases by 0.2% over FY 1999-2000 (1.5% GF/GP increase).

The only programmatic budgetary change for FY 2000-2001 is the transfer of 6.0 FTE positions and \$530,000 in federal funding to the Department of Career Development. The transferred staff are involved with the agency's Economic Development Job Training program unit.

Although the budget does not include an increase for the agency's Economic Development Job Training grant program, revised boilerplate language makes significant changes to the program. Most significantly, up to \$1.0 million of the \$31.0 million GF/GP appropriation may now be used for worker recruitment activities rather than the training activities that have been the exclusive focus of the program to date.

The Legislature had included a new \$250,000 appropriation to support the state's Small Business Development Center (SBDC) network along with related boilerplate requiring the state SBDC headquarters to oversee the funds and to report to the Legislature on the economic impact of the appropriation. This funding, however, was subsequently vetoed by the Governor.

STRUCTURE OF THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION



MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

1. Transfer Positions to Department of Career Development

The budget includes the transfer of 6.0 FTE positions and \$530,000 in federal Employment Service funding to the Department of Career Development. The transferred staff were involved in the administration of the Economic Development Job Training program.

FTEs	(6.0)
Gross	(\$530,000)
GF/GP	\$0

2. Economic Development Job Training Grants

The enacted budget maintains the FY 1999-2000 appropriation of \$31.0 million for the Economic Development Job Training Grants. Boilerplate changes, however, allow up to \$1.0 million of this funding to be used for worker recruitment activities (see Boilerplate Issue #1 below).

FTEs	0.0
Gross	\$0
GF/GP	\$0

3. Health and Aging Research and Development Initiative

The Legislature maintains the \$50.0 million appropriation of tobacco settlement revenue initiated in FY 1999-2000 for this program, which aims at promoting research and development in the life sciences and the commercialization of the resulting discoveries, processes, or products.

FTEs	0.0
Gross	\$0
GF/GP	\$0

ECONOMICS: FY 2000-01

Economic Increases

The budget includes economic increases of \$695,400 in GF/GP revenue to facilitate salary/fringe increases for personnel, as well as for anticipated increases in contractual services and materials, travel, vehicle, equipment, rent, and other general costs.

FTEs	0.0
Gross	\$695,400
GF/GP	\$695,400

MAJOR BOILERPLATE CHANGES: FY 2000-01

1. Economic Development Job Training Program

The Legislature instituted significant revisions to the language regarding the Economic Development Job Training (EDJT) grant program. Most significantly, new language allows up to \$1.0 million of the appropriation to be used for a new worker recruitment program to respond to tight labor market conditions. The Executive proposal would have allowed up to 1/3 of the appropriation to be used for recruitment purposes. The Legislature, however, rejected this proposal along with another proposal under which training grants would have been awarded directly to businesses, rather than to training providers. The Legislature and Executive did concur on other changes, however, as summarized below:

- g The limitation on agency administrative expenses increases from 2% to 5% of the appropriation. In addition, a new provision limits the amount of the grant award that recipients may use for administrative costs to 12%.
- g The application and award process is streamlined by requiring a simple notice of intent for applicants. Legislative requirements regarding information to be included on the application and criteria to be used in making awards are reduced.
- g New language will set the program up as a work project through FY 2004-05. This replaces current-law language which allows for the carry-forward of program funds.
- g Legislative requirements regarding the distribution schedule for the grants are eliminated. Instead, new language provides that funds be distributed on a cost reimbursement basis.
- g Legislative reporting requirements are reduced to include only the amount and recipient of each award and the number of workers to be trained.

2. Health and Aging Research and Development Initiative

The enacted budget includes revised language regarding this initiative, which is to be funded through an annual appropriation of \$50.0 million in tobacco settlement revenue. The revisions would allow Michigan nonprofit research institutes to compete with Michigan universities for Basic Research Fund grants (which are allocated 40% of the appropriation). In addition, new provisions allow the Health and Aging Steering Committee established to oversee the program to make minor adjustments in the category funding percentages set in boilerplate. Adjustments may be made based on funding demands within categories and the quality of applications received.

3. GF/GP Funding to the Michigan Economic Development Corporation

The enacted budget includes new language that requires unexpended and unencumbered GF/GP funding to lapse at the end of the fiscal year unless carryforward authorization is provided. It is also requires encumbered funds to be expended for the same purpose for which the funds were originally appropriated.

4. Michigan Economic Development Corporation Compliance Issues

Boilerplate provisions are added which require the Michigan Economic Development Corporation to comply with the Freedom of Information Act, the Open Meetings Act, annual audits of the Michigan auditor general (or his designee), and all legislative reporting requirements.

MAJOR BOILERPLATE CHANGES: FY 2000-01

5. *Restrictions on Michigan Strategic Fund Expenditures*

New language added by the Legislature prohibits the Michigan Strategic Fund (with the exception of Travel Michigan) from spending any GF/GP appropriations for premiums or advertising material involving personal effects or apparel including, but not limited to, T-shirts, hats, coffee mugs, or other promotional items.

VETOES: FY 2000-01

Small Business Development Center Network

The Legislature added \$250,000 to support the Small Business Development Center (SBDC) network within Michigan. The funding was to be provided to the SBDC state headquarters at Wayne State University. The state headquarters was then to distribute the funding to SBDC offices located throughout Michigan.

FTEs	0.0
Gross	\$250,000
GF/GP	250,000

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

Michigan Core Communities Fund

Public Act 291 of 2000 includes a \$50.0 million GF/GP appropriation for a new Michigan Core Communities Fund administered by the Michigan Economic Development Corporation. The Fund will provide grants, loans, and other support to eligible local units of government for infrastructure and site development, demolition, and other site improvements.

FTEs	0.0
Gross	\$50,000,000
GF/GP	50,000,000

**FY 2000-01
Budget Detail
for
RESOURCE PROTECTION**

**Agriculture
Environmental Quality
Natural Resources**

AGRICULTURE

PUBLIC ACT 270 OF 2000

Analyst: Tim Aben

HB 5273

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	605.5	659.5	54.0	8.9
GROSS	\$117,094,900	\$97,916,500	(\$19,178,400)	(16.4)
IDG/IDT	9,509,100	9,680,800	171,700	1.8
ADJUSTED GROSS	\$107,585,800	\$88,235,700	(\$19,350,100)	(18.0)
FEDERAL	5,990,000	6,037,000	47,000	0.8
LOCAL	0	0	0	0.0
PRIVATE	871,900	1,121,900	250,000	28.7
OTHER	38,090,000	34,047,000	(4,043,000)	(10.6)
GF/GP	\$62,633,900	\$47,029,800	(\$15,604,100)	(24.9)

NOTE: FY 1999-2000 year-to-date appropriations include items in 2000 PA 291 (SB 968).

OVERVIEW - AGRICULTURE

The Michigan Department of Agriculture (MDA) is the official state agency charged with serving, promoting, and protecting the food, agriculture, and agricultural economic interests of the people of the State of Michigan. Department of Agriculture programs serve all sectors of agriculture, which is Michigan's second-largest industry.

The FY 2000-01 enacted budget for the Department of Agriculture includes \$98.0 million in Gross appropriations and \$47.0 million in GF/GP support. Compared to FY 2000-01 appropriation levels, the Executive Recommendation provides for a net increase of 10.3% in overall funding and a net increase of 3.1% in GF/GP support. Public Act 291 of 2000 (supplemental SB 968) provided a one-time appropriation totaling \$23.1 million Gross and \$16.8 million GF/GP which inflates the current year-to-date. Changes for FY 1999-2000 made by 2000 PA 291 were not included when calculating the aforementioned increases.

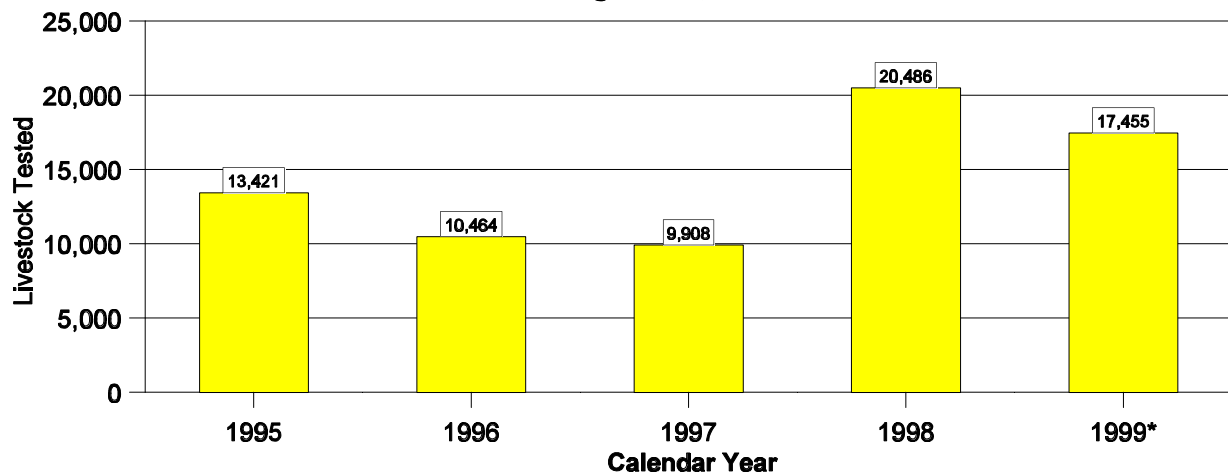
The Department of Agriculture, in cooperation with the Departments of Natural Resources and Community Health, is engaged in an effort to eradicate bovine tuberculosis from Michigan. The disease has been found in the free-ranging deer population in the Lower Peninsula and has been discovered in a limited number of livestock herds, threatening Michigan's agricultural industry. The Governor is proposing inclusion of \$3.4 million in the base budget for bovine tuberculosis activities, including surveillance and monitoring, on-farm assistance, and indemnification payments to livestock producers who have their herds destroyed (also known as "de-populated").

The Executive Recommendation increases funding for various horse racing grants/programs financed from the Agriculture Equine Industry Development Fund to reflect the availability of increased revenue and carryforward. The proposal appropriates \$13.2 million in revenue from the Agriculture Equine Industry Development Fund, an increase of nearly 15% over the FY 1999-2000 appropriated level of \$11.5 million. The increases are applied to the various grants to the industry for breeders' awards, owners' awards, and purse supplements, as well as going to the Office of Racing Commissioner for enhanced regulatory activities.

Major changes included in the FY 2000-01 budget recommendation are highlighted below.

Bovine Tuberculosis Testing (Quarantine Area)

1995 Through June 1, 1999



* As of June 1, 1999

Source: Department of Agriculture

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

1. **Program Continuation - Bovine Tuberculosis**

Funding is provided in the base budget for the Department's efforts to eradicate bovine tuberculosis. Funding will support testing and surveillance, indemnification payments, and on-farm assistance.

FTEs	29.0
Gross	\$3,400,000
GF/GP	\$3,400,000

2. **Program Enhancement - Environmental Assurance**

Funding is also provided to implement the Michigan Agriculture Environmental Assurance Program (MAEAP). This is a comprehensive pollution prevention program which will serve as an alternative to federal permitting programs. The program will initially target new and expanding livestock operations and facilities located in environmentally sensitive areas.

FTEs	7.0
Gross	\$570,000
GF/GP	\$570,000

3. **Program Elimination - Biotechnology Grant**

The budget eliminates \$1.4 million from a \$1.5 million grant to the Michigan Biotechnology Institute to develop new innovative technologies and to stimulate their commercialization in Michigan.

FTEs	0.0
Gross	(\$1,400,000)
GF/GP	(\$1,400,000)

4. **Agriculture Equine Industry Development Fund**

The Executive Recommendation increases funding for a number of horse racing programs/grants funded from the Agriculture Equine Industry Development Fund. These changes are included based on an increase in anticipated revenue and the availability of FY 1999-2000 carryforward revenue in the fund. Total appropriations for FY 2000-01 from the fund are \$13.2 million, compared to \$11.5 million in FY 1999-2000.

FTEs	0.0
Gross	\$1,507,800
GF/GP	\$0

MAJOR BUDGET CHANGES: FY 2000-01**Budget Issue****Change from FY 1999-2000****5. Program Enhancement - Information Technology**

Funding is provided for information technology to improve efficiency and delivery of Department services. Funding will assist in developing electronic licensing, inspection reporting, and complaint handling capabilities.

FTEs 0.0
Gross \$500,000
 GF/GP \$500,000

6. Program Enhancement - Pesticide Bulk Storage

Funding is provided to monitor the use and disposal of pesticides and fertilizers and to provide technical assistance to farmers and commercial operators in meeting bulk storage regulations.

FTEs 2.0
Gross \$150,000
 GF/GP \$150,000

7. Local Public Health Grants

Funding is provided through an interdepartmental grant from the Department of Community Health to provide grants to local health departments to address food safety activities. The total amount is increased by 3% over FY 1999-2000 level.

FTEs 0.0
Gross \$1,089,200
 GF/GP \$0

8. One-time Grants Eliminated

Funding is eliminated for one-time grants to the 4-H Foundation of Michigan (\$285,000) and the USApple Anti-Dumping Effort (\$20,000), representing savings of \$305,000.

FTEs 0.0
Gross (\$305,000)
 GF/GP (\$305,000)

9. New One-Time Grants

Additional grants are included for Michigan Integrated Food and Farming Systems (\$50,000), abandoned orchard and vineyard removal (\$40,000), and a grant for equine education and demonstration (\$10,000).

FTEs 0.0
Gross \$100,000
 GF/GP \$100,000

10. New Line Item for Outstanding Winning Tickets

Included for the first time is a line item that will provide a contingency fund for un-cashed outstanding winning tickets. The revenue appropriated in this line item is authorized to be accepted but it requires a line item transfer for allocation to the various related line items.

FTEs 0.0
Gross \$500,000
 GF/GP \$0

ECONOMICS: FY 2000-01**Economic Adjustments**

Funding is provided to support standard economic adjustments associated with salaries (2% for classified and \$375 lump sum), retirement (20.07% for defined benefit and 22.4% for defined contribution), insurances (8.9%), and worker's compensation. Property management charges and rent were decreased by \$180,300 to reflect anticipated costs.

FTEs 0.0
Gross \$1,948,400
 GF/GP \$1,648,500

MAJOR BOILERPLATE CHANGES: FY 2000-01**1. Deposit to Compulsive Gaming Prevention Fund**

Section 207 requires the unexpended and unencumbered balance of Agriculture Equine Industry Development Fund revenue deposited in the Compulsive Gaming Prevention Fund to be appropriated back to the Agriculture Equine Industry Development Fund at the end of the fiscal year.

MAJOR BOILERPLATE CHANGES: FY 2000-01
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2. *Restricted Fund Lapses*

Section 209 prevents restricted fund balances from lapsing to the general fund at the end of the fiscal year.

3. *Supplemental and Transfer Request Notification*

Section 211 requires the Department to notify the fiscal agencies when it applies to the Department of Management and Budget to request an appropriation transfer or supplemental appropriation.

4. *Indemnification Payments for Livestock*

Current boilerplate allows the Department to use funds from any line item to provide indemnification of up to \$10,000 per order pursuant to the Animal Industry Act and for livestock killed by a wolf. Section 212 in the boilerplate for FY 2000-01 expands the definition of indemnification payments to livestock killed by a wolf or a coyote.

5. *Grant Notification*

Section 215 requires the Department to notify the Appropriations Subcommittees on Agriculture before issuing a grant from an appropriation that is other than a line item grant.

6. *Rotational Crop Survey*

Section 303 designates \$120,000 of the statistical reporting service appropriation for an ongoing rotational crop survey.

7. *DNR Reimbursement*

Section 450 requires the Department to reimburse the Department of Natural Resources for the costs associated with monitoring and testing wildlife for bovine tuberculosis.

8. *Energy Conservation Program*

Section 601 designates \$138,000 for competitive grants for energy conservation programs.

9. *Local Conservation Districts*

Section 605 distributes the local conservation districts appropriation in the following manner: \$690,000 for district wildlife and forestry programs, \$130,000 for district training, \$20,000 to each district (not to replace local funds), and the remainder for competitive grants not to exceed \$20,000 per grant and requiring 100% local match.

10. *Export Program*

Section 706 designates \$100,000 to leverage additional funding for participation in federal agricultural export programs.

11. *Grant Notification*

Section 703(5) requires the Department to report to the Appropriations Subcommittee on Agriculture before making a grant under the Grown in Michigan grant program.

12. *Great Lakes Downs*

Section 901 requires the Office of Racing Commissioner to work cooperatively with the Great Lakes Downs Race Course to facilitate operation of the track.

VETOES: FY 2000-01

1. *Michigan Biotechnology Institute*

FY 1999-2000 was to be the last year for ongoing funds according to the Governor's veto message. The related Sec. 304 boilerplate was also vetoed.

FTEs	0.0
Gross	(\$100,000)
GF/GP	(\$100,000)

Agriculture

VETOES: FY 2000-01

2. Wetlands Demonstration Project - Ottawa County

Funds were appropriated in Sec. 606 and then vetoed due to questions from engineers from MSU, DNR, and the Natural Resources Conservation Service regarding the effectiveness of the technology proposed to be used in the treatment process.

FTEs	0.0
Gross	(\$100,000)
GF/GP	(\$100,000)

3. Grant to Michigan Integrated Food and Farming Systems

This grant, along with related language in Sec. 706, earmarks funding for a specific association. The Governor has stricken this item stating that the association should receive operating monies from membership contributions and fund-raising efforts — not from state revenues.

FTEs	0.0
Gross	(\$50,000)
GF/GP	(\$50,000)

4. Michigan Thoroughbred Program

Section 814 re-directs funding from the thoroughbred sire stakes line item and the thoroughbred owners' award line item to the Michigan Thoroughbred Owners and Breeders Association, to support ongoing association operations.

FTEs	0.0
Gross	(\$75,000)
Restricted	(75,000)
GF/GP	\$0

5. Michigan Festivals

Section 811 requires that funding be used to promote commodity-related festivals and to support an equine education and demonstration program.

FTEs	0.0
Gross	(\$80,000)
GF/GP	\$(80,000)

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. Agriculture Equine Industry Development Fund

The Governor proposes a \$1.0 million FY 1999-2000 appropriation from the Agriculture Equine Industry Development Fund to support increases in various horse racing programs/grants and enhanced regulatory activities of the Office of Racing Commissioner. This portion of the supplemental is the result of an increase (from \$11.5 to \$12.5 million) in the anticipated revenue to the fund in FY 1999-2000. Subsequent to Senate passage of SB 968, the Executive reported final deposits of 1999 uncashed ticket revenues to the Agriculture Equine Industry Fund in excess of previous estimates of \$305,600. These revenues are distributed pursuant to the Michigan Horse Racing Law of 1995, as amended, to standardbred and fair programs in the percentages prescribed by law.

FTEs	0.0
Gross	\$1,307,300
GF/GP	\$0

2. Bovine Tuberculosis Program

Bovine tuberculosis is a bacterial disease that has traditionally infected cattle, but can also infect deer, elk, and other mammals. The spending plan for Agriculture includes testing and surveillance in and out of the quarantine area, indemnification and disposal of infected animals, on-farm assistance, and fee basis testing provided by private veterinarians. Total appropriation in the Department of Agriculture for the eradication of bovine tuberculosis in Michigan is \$27.5 million, which includes appropriations made from FY 1998-99 through FY 2000-01.

FTEs	0.0
Gross	\$14,500,000
GF/GP	\$14,500,000

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000**3. Food Bank**

In FY 1998-99, the Michigan Agricultural Surplus System (MASS) was able to procure over 8.2 million pounds of food for food banks and their local communities at an average cost of 8.8 cents per pound. This \$250,000 is estimated to procure between 2.0 to 2.5 million pounds of additional food provided from Michigan producers for the current fiscal year to be distributed state-wide to food banks and their local communities.

FTEs	0.0
Gross	\$250,000
GF/GP	\$250,000

4. Food Code Implementation

Public Act 92 of 2000 codifies and strengthens the food code laws of the State of Michigan. Public Act 291 of 2000 provides funding necessary to begin implementation.

FTEs	0.0
Gross	\$2,000,000
GF/GP	\$2,000,000

5. Office of Racing Commission

Boilerplate Sec. 301 requires a report on the expenditure of \$150,000 for regulatory enhancements and \$50,000 for racehorse drug testing fairs line item.

6. Report on Payments to Locals

Boilerplate Sec. 302 requires a report from the office of racing commissioner on payments that the race tracks pay to locals for services provided to the tracks from the municipalities, such as police, fire, ambulance, etc.

ENVIRONMENTAL QUALITY

PUBLIC ACT 275 OF 2000

Analyst: Kirk Lindquist

HB 5276

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	1,616.7	1,637.7	21.0	1.3
GROSS	\$479,229,300	\$409,510,800	(\$69,718,500)	(14.5)
IDG/IDT	16,778,700	17,511,700	733,000	4.4
ADJUSTED GROSS	\$462,450,600	\$391,999,100	(\$70,451,500)	(15.2)
FEDERAL	130,766,500	129,737,500	(1,029,000)	(0.8)
LOCAL	1,195,600	1,103,900	(91,700)	(7.7)
PRIVATE	333,700	419,900	86,200	25.8
STATE RESTRICTED	233,858,400	160,831,600	(73,026,800)	(31.2)
GF/GP	\$96,296,400	\$99,906,200	\$3,609,800	3.7

OVERVIEW - ENVIRONMENTAL QUALITY

The mission of the Department of Environmental Quality (DEQ) is to protect and improve Michigan's environmental quality. The Department was established through Executive Orders 1995-18, 1996-1, 1996-2, and 1997-2. These Executive Orders transferred programs from the Bureau of Environmental Protection and the Bureau of Resources in the Department of Natural Resources; the Bureau of Environmental Health in the Department of Public Health; and the Fire Marshal Division in the Department of State Police. All state environmental protection programs are now located in the Department of Environmental Quality.

The FY 1999-2000 year-to-date appropriation includes \$79.2 million for Clean Michigan Initiative grants and redevelopment projects. Allowing for these one-time appropriations, the Department of Environmental Quality baseline budget is increased by \$8.7 million in FY 2000-2001. Two-thirds of this increase, and all but \$250,000 of the GF/GP increase, is related to salary and insurance increases and retirement rate changes.

Federal grant increases for the nonpoint source program and the environmental information reports account for \$3.2 million of this budget's increase. Increases in Waste Reduction Fee appropriations will support pollution prevention and waste reduction projects. Appropriations from Clean Michigan Initiative Bond revenue will increase to support Department administrative needs.

Clean Michigan Initiative bond support for the water quality monitoring appropriation is included in this appropriation. Federal fund source detail is no longer included in the appropriation units that they support and several line item roll-ups are directed.

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue	Change from FY 1999-2000	
1. Wetlands Enforcement	FTEs	5.0
Wetlands enforcement programs have been increased by \$375,000 for investigation of alleged violations of state and federal wetland regulations.	Gross	\$375,000
	GF/GP	\$375,000
2. Pollution Prevention Programs	FTEs	7.0
Funding for several pollution prevention programs is included. Three positions and \$300,000 are added to Environmental Assistance field programs to support local pollution prevention efforts designed to meet regulatory program requirements. A \$250,000 matching grant program for Community Pollution Prevention projects will support local toxic waste disposal education programs. Four new positions and \$275,000 have been provided, supplementing existing Clean Corporate Citizen and Air Emission Trading programs. These increases are supported from Waste Reduction Fee revenue, and the Community Pollution Prevention Fund.	Gross	\$825,000
	GF/GP	\$0
3. Nonpoint Source Water Pollution Grants	FTEs	0.0
Federal grants to support long-term efforts to protect and improve surface water quality have been increased. These funds will be used to supplement funding for projects funded from the Clean Michigan Initiative \$12.0 million nonpoint source grant program.	Gross	\$3,000,000
	GF/GP	\$0

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue	Change from FY 1999-2000	
4. Clean Michigan Initiative (CMI) Administration Funds have been approved for administration of the Clean Michigan Initiative bond program. These positions have been added to the Surface Water Quality Division of the Environmental Assistance - Pollution Prevention Program.	FTEs	8.0
	Gross	\$1,622,500
	GF/GP	\$0
5. Water Quality Monitoring The FY 2000-2001 appropriation included an increase (funded from \$2.0 million from the Clean Michigan Initiative - Clean Water Fund) to provide the operating needs for the Department's water quality monitoring program. The current-year appropriation includes \$1.5 million from the CMI Clean Water Fund.	FTEs	0.0
	Gross	\$1,000,000
	GF/GP	\$0
6. Great Lakes Research Protection Grants The Great Lakes Protection Fund received a significant increase in investment income during the last several years. Included is \$1.9 million for habitat protection research and pollution abatement demonstration grants during the FY 2000-2001 grant cycle.	FTEs	0.0
	Gross	\$1,000,000
	GF/GP	\$0
7. Environmental Response Fund - Program Reductions The Department has not been successful in attempts to recover costs of site cleanups and reclamation. This is due in part to the nature of the cleanup projects undertaken in recent years; either it has not been possible to identify responsible parties, or polluted conditions have been attributed to the practices of public agencies or governmental entities.	FTEs	0.0
	Gross	(\$1,000,000)
	GF/GP	\$0
8. Local Public Health Department Operations A 3% increase has been provided for local public health agencies. These funds support water wells quality and record-keeping functions. Funds are provided by the Michigan Department of Community Health, and are passed through to local public health departments. The total grant level will be \$10.3 million.	FTEs	0.0
	Gross	\$676,700
	GF/GP	\$0
9. One-Stop Reporting Project The Department will provide a single point of contact for the collection and reporting of environmental information used or distributed by the Department. This increase will be supported by federal grant revenue.	FTEs	0.0
	Gross	\$200,000
	GF/GP	\$0
10. Saginaw Bay Consent Agreement Funding was included for water monitoring activities in Saginaw Bay.	FTEs	0.0
	Gross	\$150,000
	GF/GP	\$0
11. Groundwater Use Reporting Funds were appropriated to fund a study to determine the impacts of irrigation activities on domestic water supplies.	FTEs	0.0
	Gross	\$100,000
	GF/GP	\$0
12. Community Pollution Prevention Assistance One position was added to provide technical assistance to organizations and businesses involved in recycling and composting.	FTEs	1.0
	Gross	\$60,000
	GF/GP	\$0

MAJOR BUDGET CHANGES: FY 2000-01

<u>Budget Issue</u>	<u>Change from FY 1999-2000</u>	
13. Volunteer River Cleanup Program	FTEs	0.0
The appropriation includes \$50,000 for grants to volunteer organizations to partially cover the cost of disposing of refuse at approved landfills.	Gross	\$50,000
	GF/GP	\$0

ECONOMICS: FY 2000-01

Economic Adjustments	Gross	\$5,798,200
Adjustments have been included to cover negotiated wage agreements and fringe benefit requirements. Salary and wage adjustments averaged 2%, while health insurance increases were 8.9% over the current-year level.	GF/GP	\$3,156,400

MAJOR BOILERPLATE CHANGES: FY 2000-01**1. Wetlands Inventory**

New Section 303 requires the Department to apply for a Great Lakes Protection Fund Grant to inventory state-owned wetlands.

2. Program Spending

Section 401 specifies that air quality program expenditures are to be reported on the DEQ website.

3. Non-native Species

New Section 502 provides for a report of non-native and exotic species impacts on Michigan natural resources and the environment.

4. Irrigation Projects

New Section 602 requires a report on the impact of irrigation projects on domestic water supply.

5. Environmental Cleanup and Redevelopment Site List

New Section 705 lists individual cleanup sites funded through this appropriation.

6. Leaking Underground Storage Tank Site List

New Section 804 lists the location of storage tank cleanup/removal sites.

7. Community Pollution Prevention Assistance

New Section 901 provides one position to support local recycling efforts.

8. Solid Waste Alternatives Program (SWAP)

New Section 902 requires a report on grants awarded and the accomplishments of SWAP components.

9. Tire-Derived Fuels

New Section 1003 states that Department strategy is to be provided to encourage the use of tire-derived fuels.

10. Restricted Fund Revenue Estimates

Revised Section 212 requires an earlier due date.

11. Cleanup Allocation Reporting

Revised Section 219 is expanded to include the Revitalization Revolving Loan Program.

Environmental Quality**VETOES: FY 2000-01**

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. Environmental Education Curriculum	FTEs	0.0
These funds cover the costs associated with the preparation of educational materials suitable for use in middle schools.	Gross	\$1,000,000
	GF/GP	\$0
2. Financial Support Services	FTEs	1.0
These funds cover the administrative costs of an auditor and a contract administrator.	Gross	\$150,000
	GF/GP	\$0
3. Water Quality Monitoring Program	FTEs	7.0
The newly-formed Michigan Water Quality Monitoring Advisory Board is to recommend a monitoring strategy and provide advice on sampling designs. Grants will be provided to nonprofit entities and local governmental units; a 25% local match is required.	Gross	\$2,025,000
	GF/GP	\$0
4. Contaminated Lake and River Sediments Cleanup Program	FTEs	0.0
This one-time appropriation item, included in the FY 1998-99 supplemental (1999 PA 111) will be increased to \$5.2 million.	Gross	\$920,000
	GF/GP	\$0
5. Voluntary Storm Water Permits	FTEs	0.0
Grants will be provided to local governmental units and nonprofit organizations to implement watershed plans developed under a voluntary storm water permit. Projects may include installation of retention basins, road/stream crossing stabilization, parking lot infiltration basins, and education programs.	Gross	\$3,000,000
	GF/GP	\$0
6. Failing Onsite Septic Systems	FTEs	0.0
Grants will be provided to local governmental units and nonprofit organizations to determine the impact of failing septic systems on drinking water supplies or lakes and streams.	Gross	\$5,000,000
	GF/GP	\$0
7. Protecting High Quality Waters	FTEs	0.0
Grants will be provided to local governmental units and nonprofit organizations to develop conservation easements and riparian buffers and for education programs.	Gross	\$3,000,000
	GF/GP	\$0
8. Illicit Stormwater Connection Program	FTEs	0.0
Grant funds will be provided to local governmental units and nonprofit organizations to locate and remove illegal storm sewer connections, and to develop local ordinances and related health code enforcement.	Gross	\$5,000,000
	GF/GP	\$0
9. Remedial Action and Lakewide Management Plan Implementation Grant Program	FTEs	0.0
Grant funds will be awarded to local governmental units and nonprofit organizations to re-establish fish habitat, construct storm water discharge control structures, restore wetlands, and provide educational programs.	Gross	\$5,000,000
	GF/GP	\$0

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

10. Conservation Reserve Enhancement Program (CREP) Match These funds will match federal CREP funds (\$12.0 million) to establish riparian buffer strips along rivers and streams through a development right purchase program (PDR).	FTEs 0.0 Gross \$3,000,000 GF/GP \$0
11. Volunteer River, Stream, and Creek Cleanup Program This local stream and river cleanup program was included in the budget. Grants will be provided to communities or nonprofit organizations and funded from non-point source (CMI Fund) revenue.	FTEs 0.0 Gross \$100,000 GF/GP \$0
12. Waterfront Redevelopment Grant Program The appropriation is increased to \$30.0 million. This amount, when added to the total amount appropriated for this program from FY 1998-99, fully obligates the \$50.0 million authorized in the Clean Michigan Act (1998 PA 288).	FTEs 0.0 Gross \$10,000,000 GF/GP \$0
13. Brownfield Grants and Loans Program The appropriation will be increased to \$13.0 million. This amount, when added to the total amount appropriated for this program from FY 1998-99, will provide \$15.0 million for this program in FY 1999-2000. No funds have been spent from the FY1998-99 supplemental.	FTEs 0.0 Gross \$11,000,000 GF/GP \$0
14. Pollution Prevention Program Support These funds cover the administrative costs of administering grant contracts.	FTEs 1.0 Gross \$75,000 GF/GP \$0
15. Retired Engineers Technical Assistance Program This technical assistance program has been funded at \$440,000 in the operating appropriation for FY 1999-2000. For FY 2000-01, this program will be increased by \$500,000 to \$940,000. Funding support will be provided from the Retired Engineer Technical Assistance Fund.	FTEs 0.0 Gross \$500,000 GF/GP \$0
16. Household Hazardous Waste Collection Program Grants will be provided to local governmental units to establish and operate household hazardous waste collection centers. A 50% match is required.	FTEs 0.0 Gross \$1,000,000 GF/GP \$0

NATURAL RESOURCES

PUBLIC ACT 267 OF 2000

Analyst: Kirk Lindquist

HB 5281

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	2,243.5	2,252.5	9.0	0.4
GROSS	\$300,882,399	\$255,442,800	(\$45,439,599)	(15.1)
IDG/IDT	4,955,100	3,679,400	(1,275,700)	(25.7)
ADJUSTED GROSS	\$295,927,299	\$251,763,400	(\$44,163,899)	(14.9)
FEDERAL	26,371,700	24,649,100	(1,722,600)	(6.5)
LOCAL	0	0	0	0.0
PRIVATE	1,768,600	1,728,900	(39,700)	(2.2)
STATE RESTRICTED	190,041,999	169,426,800	(20,615,199)	(10.8)
GF/GP	\$77,745,000	\$55,958,600	(\$21,786,400)	(28.0)

OVERVIEW - NATURAL RESOURCES

The mission of the Department of Natural Resources (DNR) is to conserve and develop Michigan's natural resources. The enacted FY 2000-01 appropriation makes few major changes to the Department of Natural Resources budget.

General Fund support of Forest Management programs will be increased to help offset decreasing revenue to the Forest Development Fund. Improvements will be made in public information, education, and outreach programs. Increases will be made in other areas as well: state park maintenance, trails development, and Native American treaty negotiation support.

The apparent reduction from the current fiscal year reflects the one-time FY 1999-2000 supplemental appropriations for CMI Recreation Grants and native American gill net replacements.

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue	Change from FY 1999-2000	
1. Forest Development Fund: General Fund Revenue Supplement	FTEs	0.0
	Gross	\$0
General Fund support has been included to offset decreasing revenue to the Forest Development Fund. An additional \$850,000 has been provided from Air Photo revenues to offset this shortfall. Revenues have dropped in response to declining demand for forest products in international and domestic housing markets.	GF/GP	\$2,535,000
2. Urban Tree Planting Programs	FTEs	0.0
Funding is included for an expanded tree planting program in urban and suburban areas.	Gross	\$540,000
	GF/GP	\$540,000
3. Michigan Civilian Conservation Corps	FTEs	0.0
Included is \$1.0 million from the Michigan Civilian Conservation Corps Endowment Fund to expand the level of maintenance and repair efforts in Michigan state parks.	Gross	\$1,000,000
	GF/GP	\$0
4. Fish Hatchery Interpretive Centers	FTEs	0.0
Game and Fish Fund support was added to operate the recently-constructed Great Lakes Ecological Information Centers located at state fish hatcheries.	Gross	\$1,000,000
	GF/GP	\$0
5. National Recreation Trail Grants	FTEs	0.0
The Department will be authorized to receive and distribute additional federal revenue available to improve and develop recreational trails.	Gross	\$1,300,000
	GF/GP	\$0
6. Forest Camping Fees	FTEs	0.0
Forest Camping Fees and other user fees will be increased to support forest recreation programs in state forests. This fee increase requires Natural Resource Commission approval.	Gross	\$425,000
	GF/GP	\$0

Natural Resources

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue	Change from FY 1999-2000	
7. Tribal Treaty Negotiation Contractual Services	FTEs	0.0
Included is Game and Fish Fund support to secure expertise needed in ongoing negotiations to extend the existing native American treaty hunting and fishing agreements.	Gross	\$1,000,000
	GF/GP	\$0
8. Wildlife Resource Protection Undercover Study	FTEs	0.0
The appropriation includes authorization for continuing undercover work on organized poaching operations.	Gross	\$250,000
	GF/GP	\$0
9. Lake Level Assessments	FTEs	0.0
Funding was included for the state share of lake association assessments on those lakes where the Department owns park or recreation property.	Gross	\$200,000
	GF/GP	\$200,000
10. Trails Specialist	FTEs	0.0
A grant for a new position has been added to assist southeast Michigan communities with trails planning and coordination efforts.	Gross	\$70,000
	GF/GP	\$0
11. Adopt-A-Forest Program	FTEs	0.0
The appropriation includes Forest Development Fund support for a new volunteer program designed to clean up and dispose of refuse found in the state forests.	Gross	\$50,000
	GF/GP	\$0
12. Urban Tax Reverted Property Maintenance	FTEs	0.0
The funding level for this program was reduced to \$150,000.	Gross	(\$100,000)
	GF/GP	(\$100,000)
13. Clean Michigan Initiative Recreation Grants	FTEs	0.0
This one-time supplemental item was deleted.	Gross	(\$11,476,000)
	GF/GP	\$0

ECONOMICS: FY 2000-01

Economic Adjustments	Gross	\$6,431,500
The enacted bill includes \$6.4 million to cover negotiated wage agreements and fringe benefit requirements. Salary and wage adjustments averaged 2%, while health insurance increases were 8.9% over the current-year level.	GF/GP	\$1,252,700

MAJOR BOILERPLATE CHANGES: FY 2000-01

- 1. Contingency Fund Language for Nongame Wildlife Program**
New Section 220 provides that a maximum of \$400,000 is available to maintain funding at FY 1999-2000 levels.
- 2. Wildlife Biologists to be Hired for Each Wildlife Management Unit**
New Section 604 provides that each wildlife management unit shall have a wildlife biologist to assist with planning and management.
- 3. Exotic and Non-native Species Program**
New Section 704 requires a report on the impact of non-native species in the waters and fisheries of the state.

MAJOR BOILERPLATE CHANGES: FY 2000-01

4. Great Lakes Water Levels

New Section 804 specifies that the Department shall report measures taken to address low lake levels.

5. Adopt-A-Forest Program

New Section 905 provides that funds are available for local/volunteer groups to dispose of gathered waste.

6. Dispersed Camping Fees

New Section 906 prohibits fees for dispersed camping.

7. Trails Specialist for Southeast Michigan

New Section 907 provides grant funds for a trails specialist for a southeast greenways project.

8. Federal Royalty Payments for Local Governmental Units

New Section 1203 states that funds are appropriated when they are received from the federal Department of the Interior.

9. Standard Boilerplate

Standard boilerplate has been included in revised Sections 201 - 211.

10. Restricted Fund Revenue Estimates

Revised Section 213 adds an earlier report due date.

11. Restricted Fund Cost Allocations

Revised Section 221 requires a method for allocating restricted funds among Department administrative appropriations.

12. Stream Habitat Grants

Revised Section 702 removes the reference to the Michigan Civilian Conservation Corps.

13. Timber Marking and Harvest Mandate

In revised Section 902, the required 855,000 marking target was retained. The Department is directed to consider the effect of timber harvesting on wildlife habitat and recreation uses.

14. Maintenance of Tax Reverted Property

New subsection (3) in revised Section 1004 provides that unspent funds may be carried forward.

15. Off-Road Vehicle Grants to Sheriffs

Revised Section 1202 provides that not more than \$25,000 shall be available to a single county which has Great Lakes dunes.

16. Natural Features Inventory Report

The one-time report required by Section 214 was submitted in FY 1999-2000; boilerplate section deleted.

17. Report on Use of State Aircraft

Section 219, which required a report on Department aircraft use, was deleted.

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

Natural Resources

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. Tribal Fishing Settlement Native American fishermen will be provided funds to acquire trap nets from the state-licensed commercial trap net fishery to establish trap net operations and provide deep water, small mesh gill net operations training in trap net use, and tribal law enforcement. The Department of Natural Resources will receive \$1.0 million for fisheries enforcement and assessment activities, including the purchase of needed vessels and equipment.	Gross GF/GP	\$17,000,000 \$17,000,000
2. Bovine Tuberculosis Program This appropriation supports DNR deer herd tuberculosis testing efforts in each Michigan county. Funded activities will include population surveys, tissue sample collection, laboratory costs, and public education and outreach programs.	Gross GF/GP	\$4,500,000 \$4,500,000
3. Nongame Wildlife Trust Fund The Nongame Fish and Wildlife Trust Fund will be fully funded. Interest generated from trust fund investments will support DNR habitat and management programs targeted to nongame species. This appropriation will replace the state income tax checkoff for nongame wildlife protection.	Gross GF/GP	\$2,400,000 \$2,400,000
4. CMI - Local Recreation Grants Funding for the second round of local recreation development grants is provided.	Gross GF/GP	\$23,914,699 \$0
5. Snowmobile Local Grants Program Grants for local snowmobile trail maintenance and equipment purchases are increased for FY 1999-2000. The total appropriation for this grant program is increased to \$4.4 million.	Gross GF/GP	\$1,500,000 \$0
6. Snowmobile Law Enforcement Grants Provide funds to purchase needed equipment.	Gross GF/GP	\$500,000 \$0
7. Federal - Land and Water Conservation Payments Federal funds for community recreation grants and state recreation development projects have become available. This is a one-time appropriation.	Gross GF/GP	\$1,200,000 \$0
8. General Law Enforcement This appropriation provides General Fund support to purchase in-car computers for conservation officer vehicles, offsetting Game and Fish Fund monies spent on lawsuit settlements.	Gross GF/GP	\$1,500,000 \$1,500,000
9. Fisheries Management Funds are provided for the salmon harvest contract and to cover costs associated with tribal fishing rights negotiations.	Gross GF/GP	\$960,000 \$0
10. Administrative Services Funds are appropriated for costs of post-completion audits of federal grants administered by the Department.	Gross GF/GP	\$100,000 \$0
11. Purchased Land Taxes/Open Space Payments This appropriation increases the line item for payments to local units in lieu of taxes to \$8.4 million.	Gross GF/GP	\$100,000 \$0

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

12. Farmland and Open Space Preservation Program	Gross	\$18,000
Additional funds are provided to cover closing costs, appraisals, and other costs associated with real estate transactions.	GF/GP	\$0
13. Dober Mine Settlement Project	Gross	\$312,000
This interdepartmental grant from the Department of Environmental Quality is used for fishing and recreation development projects. This item will be identified as a work project; funding is available until September 30, 2004.	GF/GP	\$0
14. State Parks	Gross	\$892,900
The following items are respectively supported by Park Improvement Fund revenue, and ORV Registration revenue: state park salaries for seasonal employees are increased from \$6 to \$8 per hour, \$750,000; a voucher system is to be established at Silver Lake State Park to address the congestion problems at the ORV staging area, \$142,900.	GF/GP	\$0
15. Resource Mapping and Aerial Photography	Gross	\$1,023,500
This federal grant will be used to update and improve maps prepared through the DNR Geographical Information System. This item is identified as a work project; funding will be available until September 30, 2004.	GF/GP	\$0
16. National Recreational Trails	Gross	\$1,300,000
Added federal grant funding will be used for facility and trail maintenance in the DNR trail system. This item will be identified as a work project; funding will be available until September 30, 2004.	GF/GP	\$0
17. Forest Fire Match	Gross	\$850,000
An increase in a federal grant from the US Department of Agriculture will be provided through this increase in the state match. These funds will be matched with available federal grant revenue.	GF/GP	\$850,000
18. Clean Michigan Initiative		
Section 501 provides that local recreation grants shall be distributed in accordance with the implementing acts for the Clean Michigan Initiative.		
19. Local Recreation Grants		
Section 502 states that appropriations for local recreation grants are designated work projects, and will be available until September 30, 2004.		
20. Land and Water Conservation Fund Grants		
Section 503 states that appropriations for federal Land and Water Conservation Fund grants are to be provided. These appropriations are to be designated work projects and will be available until September 30, 2004.		
21. Snowmobile Enforcement Grants		
Section 504 provides that appropriations for Snowmobile Enforcement Grants are designated work projects, and will be available until September 30, 2001.		
22. Conservation Officer Computers and Vehicles		
Section 505 provides that the \$1.5 million appropriation for Department of Natural Resources Law Enforcement shall be used to install laptop computers in Conservation Officer patrol cars.		

**FY 2000-01
Budget Detail
for
SAFETY AND DEFENSE**

**Military and Veterans Affairs
State Police**

MILITARY & VETERANS AFFAIRS

PUBLIC ACT 266 OF 2000

Analyst: Kyle I. Jen

HB 5280

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	1,088.0	1,088.0	0.0	0.0
GROSS	\$97,499,000	\$101,172,700	\$3,673,700	3.8
IDG/IDT	0	0	0	0.0
ADJUSTED GROSS	\$97,499,000	\$101,172,700	\$3,673,700	3.8
FEDERAL	33,444,400	35,952,600	2,508,200	7.5
LOCAL	0	0	0	--
PRIVATE	395,000	375,000	(20,000)	(5.1)
OTHER	23,059,100	22,988,200	(70,900)	(0.3)
GF/GP	\$40,600,500	\$41,856,900	\$1,256,400	3.1

OVERVIEW - MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans Affairs is charged with the training and administration of Army and Air National Guard forces, providing combat-ready military forces during times of national emergency, and performing a variety of civil relief operations under the command of the Governor during state emergencies. The Department is also responsible for a number of veterans-related programs that include state-licensed nursing care at veterans homes in Grand Rapids and Marquette, grant funding to veterans service organizations, and the Michigan Veterans Trust Fund.

The Department's Gross appropriation for FY 2000-01 is \$101.2 million, an increase of \$3.7 million from the FY 1999-2000 year-to-date appropriation (3.8%). The GF/GP appropriation for FY 2000-01 is \$41.9 million, an increase of \$1.3 million from the FY 1999-2000 year-to-date appropriation (3.1%).

Relatively few major changes were made from the current-year budget. One noteworthy change is the 6% across-the-board increase in grants to veterans service organizations. Fiscal Year 2000-01 marks the third consecutive year that the total appropriation for these grants has been increased by more than 5%. The table at the end of this section shows the grants appropriated to each organization for FY 2000-01.

MAJOR BUDGET CHANGES: FY 2000-01

<u>Budget Issue</u>	<u>Change from FY 1999-2000</u>	
1. <i>Camp Grayling and Alpena Training Center</i>	FTEs	0.0
The FY 2000-01 budget includes an increase in federal funds in expectation of increased training activities at Camp Grayling and the Alpena Training Center.	Gross	\$1,000,000
	GF/GP	\$0
2. <i>Grand Rapids Veterans Home</i>	FTEs	0.0
The budget includes an upward adjustment of \$837,000 in federal funds and a downward adjustment of \$44,100 in restricted funds for the Grand Rapids Veterans Home.	Gross	\$792,900
	GF/GP	\$0
3. <i>Reserve Component Automation System</i>	FTEs	0.0
The budget includes increased federal funds for the Reserve Component Automation System, a computer-based communication system linking armories across the state and nation.	Gross	\$335,000
	GF/GP	\$0
4. <i>D.J. Jacobetti Veterans Home</i>	FTEs	0.0
The budget includes funds for an increase in costs for food service and housekeeping services at the Marquette home.	Gross	\$230,100
	GF/GP	\$230,100
5. <i>Veterans Service Organizations</i>	FTEs	0.0
The budget includes a 6% across-the-board increase in grants to veterans service organizations.	Gross	\$219,900
	GF/GP	\$219,900
6. <i>Armory Maintenance</i>	FTEs	0.0
The budget includes a funding increase for additional maintenance projects at armories across the state.	Gross	\$180,000
	GF/GP	\$180,000

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Military And Veterans Affairs
Change from FY 1999-2000

7. Starbase Program

The budget includes an increase in federal funds to expand the Starbase Program to the Detroit schools. The Starbase Program is a National Guard hands-on math and science program for at-risk youth.

FTEs	0.0
Gross	\$152,000
GF/GP	\$0

8. Grant to Civil Air Patrol

The budget includes funds for a grant to the Michigan wing of the Civil Air Patrol, a voluntary, nonprofit organization which serves as the official auxiliary of the U.S. Air Force.

FTEs	0.0
Gross	\$20,000
GF/GP	\$20,000

9. Challenge Program

The budget includes an increase in the state matching funds associated with the Challenge Program, a National Guard-run voluntary boot camp-style program for high school dropouts.

FTEs	0.0
Gross	\$0
GF/GP	\$163,300

ECONOMICS: FY 2000-01

Economic Adjustments

The FY 2000-01 budget includes a Gross increase of \$3.4 million for economic adjustments.

FTEs	0.0
Gross	\$3,380,900
GF/GP	\$1,443,200

MAJOR BOILERPLATE CHANGES: FY 2000-01

1. Contingency Funds

In Section 206, federal contingency fund authorization has been increased from \$1.9 million to \$2.9 million, and state restricted contingency fund authorization has been increased from \$1.0 million to \$1.5 million.

2. National Guard Education Assistance Program

Language has been added in Section 216 which allows a portion of the \$2.0 million earmarked for the National Guard Education Assistance Program to be expended for recruitment and retention efforts.

3. Grant to Civil Air Patrol

In Section 303, language has been added earmarking \$20,000 for a grant to the Civil Air Patrol and providing that the grant funds be used for the purchase of search and rescue equipment.

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. Michigan Vietnam Veterans Memorial

These funds will supplement a FY 1996-97 appropriation and privately-raised funds to begin construction of the Michigan Vietnam Veterans Memorial at the west end of the Capitol Complex in Lansing.

FTEs	0.0
Gross	\$500,000
GF/GP	\$500,000

Military And Veterans Affairs

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

2. Grand Rapids Veterans Home

These funds are to be used for the purchase of a hydro-therapy pool for the Grand Rapids Veterans Home and for associated construction costs.

FTEs	0.0
Gross	\$400,000
GF/GP	\$400,000

FY 2000-01 Grants to Veterans Service Organizations

American Legion	\$886,000
Veterans of Foreign Wars	886,000
Disabled American Veterans	732,400
American Veterans of World War II and Korea	464,800
Marine Corps League	336,300
Michigan Paralyzed Veterans of America	165,700
Vietnam Veterans of America	159,500
Purple Heart	157,900
Jewish Veterans of America	41,200
Polish Legion of American Veterans	41,200
Catholic War Veterans	13,300
Veterans of World War I	100
TOTAL	\$3,884,400

STATE POLICE

PUBLIC ACT 269 OF 2000

Analyst: Kyle I. Jen

HB 5282

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	3,596.0	3,623.5	27.5	0.8
GROSS	\$383,507,003	\$404,926,100	\$21,419,097	5.6
IDG/IDT	23,256,703	23,306,500	49,797	0.2
ADJUSTED GROSS	\$360,250,300	\$381,619,600	\$21,369,300	5.9
FEDERAL	35,292,500	34,329,300	(963,200)	(2.7)
LOCAL	3,479,800	3,495,300	15,500	0.4
PRIVATE	0	0	0	--
OTHER	42,539,100	43,231,600	692,500	1.6
GF/GP	\$278,938,900	\$300,563,400	\$21,624,500	7.8

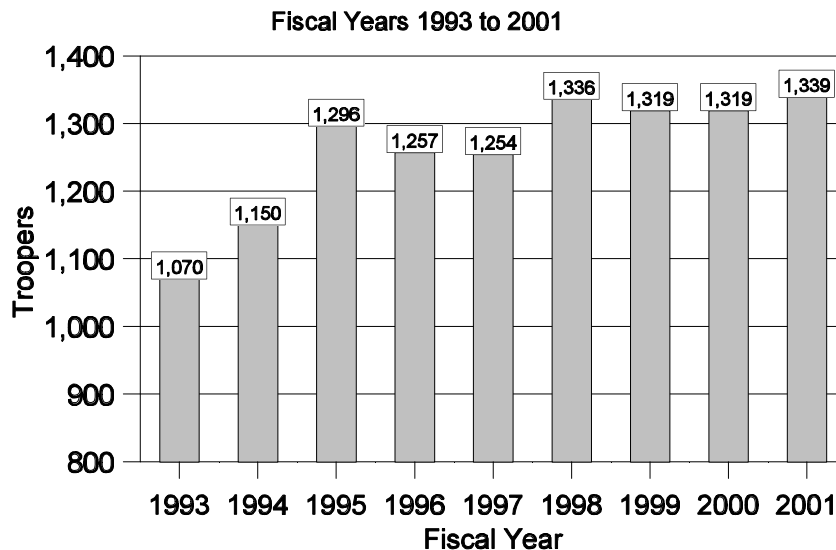
OVERVIEW - STATE POLICE

The mission of the Department of State Police encompasses three goals: 1) deter criminal activity and seek, detect, and arrest offenders of the law; 2) enhance traffic safety, deter motor vehicle crashes, and enforce the Michigan Vehicle Code; and 3) provide services that support and coordinate the efforts of law enforcement agencies and the entire criminal justice community. In practice, these goals translate to a wide range of law enforcement activities including highway patrol, criminal investigations, forensic sciences, motor carrier enforcement, emergency management, highway safety planning, fire investigation and education, supervision and processing of criminal justice data, operation and maintenance of the Statewide Public Safety Communications System, and various special operations. Additionally, the Department is responsible for the oversight of law enforcement standards in the state and the administration of several grant programs for local law enforcement agencies.

The Department's Gross appropriation for FY 2000-01 is \$404.9 million, an increase of \$21.4 million from the FY 1999-2000 year-to-date appropriation (5.6%). The GF/GP appropriation for FY 2000-01 is \$300.6 million, an increase of \$21.6 million from the FY 1999-2000 year-to-date appropriation (7.7%). It should be noted that the year-to-date appropriation figures include \$10.7 million in Gross FY 1999-2000 supplemental appropriations, of which \$10.2 million is GF/GP. When these appropriations are subtracted from the year-to-date figures, the increases for FY 2000-01 are 8.6% Gross and 11.9% GF/GP.

The largest increase included in the FY 2000-01 budget is \$8.5 million to fund completion of the 119th trooper school and the start of the 120th trooper school. These schools are projected to graduate 95 and 110 troopers, respectively. The Department expects to lose 90 troopers through normal attrition, resulting in a projected \$3.8 million in offsetting cost reductions. The graph following this Overview shows the Department's trooper strength since 1993. Trooper strength for 2001 is projected to be an all-time high of 1,339, an increase of 269 (25.1%) since 1993. The 119th and 120th trooper schools will be the 12th and 13th schools completed over that time period.

Department of State Police Trooper Strength



MAJOR BUDGET CHANGES: FY 2000-01

<u>Budget Issue</u>	<u>Change from FY 1999-2000</u>	
1. 119th and 120th Trooper Schools	FTEs	20.0
The FY 2000-01 budget includes an increase to fund the completion of the 119th trooper school and the start of the 120th trooper school. (See the Overview - State Police section above for further explanation.)	Gross	\$4,760,000
	GF/GP	\$4,760,000
2. Motor Carrier Enforcement - IDG	FTEs	0.0
The budget includes an increase in the IDG from the State Trunkline Fund to allow for the conversion of all motor carrier officer positions to trooper status.	Gross	\$3,361,500
	GF/GP	\$0
3. Statewide Public Safety Communications System	FTEs	0.0
The budget restores the \$2.0 million removed from the FY 1999-2000 budget because of delays in the phase-in of the system.	Gross	\$2,000,000
	GF/GP	\$2,000,000
4. Fleet Leasing	FTEs	0.0
A funding increase has been included in the budget for fleet leasing, reflecting an expected increase in costs.	Gross	\$1,900,900
	GF/GP	\$1,900,900
5. Computer Crime Units	FTEs	12.0
The budget includes a funding increase to establish two Internet and Computer Crime Units, one operating from the Southeastern Criminal Investigation Division and one operating from Lansing.	Gross	\$1,261,700
	GF/GP	\$1,261,700
6. Motor Carrier Enforcement - Federal and Restricted Funds	FTEs	0.0
The budget includes an additional \$1.1 million in federal grant funding and \$140,700 in increased motor carrier fee revenue to be used to provide automated technology, equipment, and infrastructure support for the Motor Carrier Division.	Gross	\$1,242,600
	GF/GP	\$0
7. Mobile Phone 911 Legislation	FTEs	0.0
The budget includes new restricted funds from the recently-enacted mobile phone 911 legislation (1999 PA 78 and 1999 PA 79). These funds will be used to fund priority 911 projects to be recommended by the Department and approved by the Legislature.	Gross	\$837,000
	GF/GP	\$0
8. Secondary Road Patrol Grants	FTEs	0.0
The budget includes a 10% increase in GF/GP funds for Secondary Road Patrol grants.	Gross	\$570,200
	GF/GP	\$570,200
9. Fire Fighters Training Council	FTEs	3.0
The budget includes a funding increase in order to enhance the training activities of the Fire Fighters Training Council and increase the funds allocated to counties for firefighter training.	Gross	\$500,000
	GF/GP	\$500,000
10. Commission on Law Enforcement Standards	FTEs	5.5
The budget includes a funding increase for the Commission on Law Enforcement Standards to address several unfunded responsibilities.	Gross	\$500,000
	GF/GP	\$500,000
11. Firearms Safety and Awareness	FTEs	0.0
The budget includes funds for development of a firearms safety and awareness curriculum for school age children.	Gross	\$350,000
	GF/GP	\$350,000

State Police

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

12. Law Enforcement Information Network (LEIN)

The budget includes additional funds for the Law Enforcement Information Network, including \$100,000 to address recent Auditor General's findings regarding the entry of mental illness verdicts into the network.

FTEs 3.0
Gross \$300,000
GF/GP \$300,000

13. Construction Zone Enforcement

The budget includes an increase in restricted funds from the Department of Transportation for construction zone traffic enforcement.

FTEs 0.0
Gross \$160,000
GF/GP \$0

14. Sex Offender Registry

The budget includes funds for increased oversight and enforcement efforts relating to the state's Sex Offender Registry website.

FTEs 3.0
Gross \$140,000
GF/GP \$140,000

15. Emergency Management State Matching Funds

A GF/GP increase has been included in the budget due to an increase in the required state matching percentage for funding from the Federal Emergency Management Administration.

FTEs 0.0
Gross \$94,500
GF/GP \$530,400

16. School Violence Hotline

The budget includes funds for the creation of a toll-free school violence hotline in conjunction with the Department of Education.

FTEs 0.0
Gross \$50,000
GF/GP \$50,000

17. Log Truck Safety Study

The budget includes a grant for Michigan Technological University to conduct a log truck safety study.

FTEs 0.0
Gross \$50,000
GF/GP \$50,000

18. Casino Gaming Oversight

The IDG from the Department of Treasury for Casino Gaming Oversight has been decreased due to the reduced need for background checks at the Detroit casinos.

FTEs (16.0)
Gross (\$2,217,500)
GF/GP \$0

ECONOMICS: FY 2000-01

Economic Adjustments

The budget includes a gross increase of \$20.9 million for economic adjustments. Included in these adjustments is a 2% increase in salaries and wages for enlisted personnel, pending approval of a new contract with the State Police Troopers Association.

FTEs 0.0
Gross \$20,909,000
GF/GP \$18,930,300

MAJOR BOILERPLATE CHANGES: FY 2000-01

1. Sex Offender Registry

Language has been added in Section 215 requiring the Department to assign sufficient personnel to ensure the accuracy and completeness of the information in the Sex Offender Registry and to vigorously apprehend and prosecute individuals who fail to comply with the Sex Offender Registry Act.

2. Vehicle Identification Numbers

In Section 220, language was added requiring the Department to collect and computerize the vehicle identification numbers of vehicles involved in accidents and make this information available to the public.

MAJOR BOILERPLATE CHANGES: FY 2000-01**3. School Violence Hotline**

In Section 221, language has been added requiring the Department to expend \$50,000 to create a toll-free school violence hotline in conjunction with the Department of Education.

4. Law Enforcement Information Network

In Section 222, language has been added providing for the expenditure of up to \$100,000 to comply with certain statutory requirements regarding the entry of mental illness verdicts into the Law Enforcement Information Network.

5. Log Truck Safety Study

In Section 402, language has been added earmarking a grant of \$50,000 for Michigan Technological University to conduct a log truck safety study.

6. Grant to the City of Detroit

In Section 601, language has been added requiring a report from the City of Detroit on the expenditures made and services provided from the grant made to the city in the Department's budget.

7. Federal Firearms Laws Training

In Section 703, language has been added requiring the Department to include in the training of new police officers curricula on federal firearms laws, including procedures for turning cases over to applicable federal criminal justice agencies.

8. Construction Zone Enforcement

In Section 905, language has been added providing for the expenditure of up to \$500,000 on the Department's traffic enforcement efforts in construction zones.

9. Firearms Safety and Awareness

In Section 906, language has been added requiring the Department to work in conjunction with the Michigan State University School of Criminal Justice to develop a firearms safety and awareness curriculum for school age children and train 400 police officers to deliver the curriculum.

10. School Bus Inspections

In Section 1201, language has been added requiring the Department to award certificates to school districts whose buses all receive a 100% successful inspection on the first inspection of the year.

11. Background Check Report

In Section 1301, language has been added requiring a report containing statistical information on pistol purchase background checks and the specific reasons why individuals fail such checks.

12. Closed Weigh Stations

Current-year language that requires the posting of a sign outside closed weigh stations indicating that enforcement continues through mobile patrols, has been removed.

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. Base Shortfalls	FTEs 0.0
These funds are intended to eliminate base shortfalls in the following areas: Fleet Leasing (\$2.1 million GF/GP), Criminal Investigations (\$500,000 GF/GP), Law Enforcement Information Network (\$300,000 GF/GP), Uniform Services (\$130,000 GF/GP), and Computer Services (\$100,000 GF/GP).	Gross \$3,130,000 GF/GP \$3,330,000
2. Law Enforcement Information Technology Projects	FTEs 0.0
These funds will be used to develop a record management system designed to integrate various criminal justice information systems overseen by the Department.	Gross \$3,100,000 GF/GP \$3,100,000
3. Project Exile Coordinating Commission	FTEs 0.0
These funds are to be used to provide information, training, and technical assistance to local law enforcement agencies and prosecutors, to coordinate criminal prosecutions under federal and state firearms laws, and to provide grants and loans to local law enforcement agencies and prosecutors.	Gross \$1,500,000 GF/GP \$1,500,000
4. Firearm Safety Device Grants to Locals	FTEs 0.0
These funds are to be used by the Department to provide local units of government with firearm safety devices for distribution to individuals living within the local units.	Gross \$1,000,000 GF/GP \$1,000,000
5. Mobile Phone 911 Legislation	FTEs 0.0
These funds represent new restricted funds from the recently-enacted mobile phone 911 legislation (1999 PA 78 and 1999 PA 79). The funds will be used to fund priority 911 projects to be recommended by the Department and approved by the Legislature.	Gross \$837,000 GF/GP \$0
6. Child Care Background Checks	FTEs 3.0
These funds are to be used to perform background checks on individuals applying through the Department of Consumer and Industry Services for a license to operate a child care organization and individuals applying through the Family Independence Agency to become an enrolled child care worker. Of the funds appropriated, \$300,000 are federal Temporary Assistance to Needy Families (TANF) funds.	Gross \$750,000 GF/GP \$450,000
7. Grant to the City of Gaylord	FTEs 0.0
These funds are earmarked for a grant to the City of Gaylord to reimburse the costs of infrastructure damage caused by a severe windstorm in September 1998.	Gross \$197,000 GF/GP \$197,000
8. Firearms Safety and Awareness	FTEs 0.0
These funds are to be used for development of a firearms safety and awareness curriculum for school age children.	Gross \$150,000 GF/GP \$150,000
9. Emergency Management State Matching Funds	FTEs 0.0
A GF/GP increase has been appropriated due to an increase in the required state matching percentage for funding from the Federal Emergency Management Administration.	Gross \$0 GF/GP \$492,000

**FY 2000-01
Budget Detail
for
ALL OTHER**

**Capital Outlay
Judiciary
Transportation**

CAPITAL OUTLAY

PUBLIC ACT 265 OF 1999

Analyst: Al Valenzio

HB 4297

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	0.0	0.0	0.0	0.0
GROSS	\$607,522,500	\$471,994,800	(\$135,527,700)	(22.3)
IDG/IDT	5,500,000	7,000,000	1,500,000	27.3
ADJUSTED GROSS	\$602,022,500	\$464,994,800	(\$137,027,700)	(22.8)
FEDERAL	91,087,800	99,361,000	8,273,200	9.1
LOCAL	12,871,000	17,372,000	4,501,000	35.0
PRIVATE	0	0	0	0.0
OTHER	98,828,400	35,447,200	(63,381,200)	(64.1)
GF/GP	\$399,235,300	\$312,814,600	(\$86,420,700)	(21.6)

OVERVIEW - CAPITAL OUTLAY

The Capital Outlay budget and process can be defined as the “budgetary and administrative functions devoted to the financing and planning for the acquisition, construction, renovation, and maintenance of facilities used by a state agency, public university, or community college.” Within the framework of the planning process, it is essential that the executive and legislative branches work cooperatively in order to achieve the timely completion of a building project. Even so, statutory provisions contain numerous oversight and approval action steps which define the respective roles of each branch in the capital outlay process.

This budget was adopted by the Legislature in December 1999. Public Act 265 of 1999 provides Capital Outlay appropriations for both FY 1999-2000 and FY 2000-01. This marks the second time since 1993 that a multi-year Capital Outlay bill has been enacted. Also, 2000 PA 291 appropriated a number of one-time FY 1999-2000 supplemental items totaling \$151.9 million (Gross) and \$121.3 (GF/GP).

The enacted FY 2000-01 budget totals \$471.9 million (Gross) and \$312.8 million (GF/GP). These are, respectively, 22.3% and 21.6% below the FY 1999-2000 supplemented levels. Additional rent obligations to the State Building Authority for facilities that have come on-line in 2000, or will in 2001, result in a GF/GP increase of over \$27.0 million.

The enacted budget provides \$11.3 million (GF/GP) to continue support of the Metro Airport Midfield Terminal Expansion Project. Another major item is the inclusion of \$5.0 million of state monies to support improvement projects at Willow Run Airport. The Metro and Willow Run projects account for 70% of the state funds appropriated for local airport improvement projects.

Finally, the enacted budget continues state restricted fund support for state park improvement projects, boating access sites, harbors and docks, MDOT facility improvements, and the farmland and open space program.

MAJOR BUDGET CHANGES: FY 2000-01

<u>Budget Issue</u>	<u>Change from FY 1999-2000</u>	
1. Management and Budget - Lump Sum Projects:	Gross	\$16,500,000
Major Special Maintenance for State Agencies	GF/GP	\$15,000,000
Provides funds for the Departments of Agriculture, Community Health, Corrections, FIA, DMB, and State Police.		
2. Department of Military and Veterans Affairs:	Gross	\$4,500,000
Midland Organization Maintenance Shop	GF/GP	\$0
Provide funds to construct a new maintenance shop in Midland to service departmental vehicles and heavy equipment.		
3. Department of Natural Resources:	Gross	\$1,500,000
Swan River Egg Take and Weir Project	GF/GP	\$0
Provide final-phase funds to complete this project.		

Capital outlay

MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue	Change from FY 1999-2000	
4. Department of Natural Resources: Fish Production Project Provide funds to renovate hatcheries in order to produce walleye, northern pike and other cool water fishes.	Gross	\$1,650,000
	GF/GP	\$0
5. Department of Natural Resources: Deer Habitat Development/Acquisition Provide funds to improve deer habitat and purchase lands as they become available.	Gross	\$1,500,000
	GF/GP	\$0
6. Department of Natural Resources: St. Ignace Marina Expansion Provides additional federal funds of \$3.3 million to complete this project. This entails expansion of the marina basin, adding mooring slips, breakwater construction, and restroom/shower building renovations. (Note: \$3.7 million of state restricted fund monies was provided in the prior year.)	Gross	(\$400,000)
	GF/GP	\$0
7. Department of Natural Resources: Boating Program, Harbors and Docks - Local Facilities Infrastructure improvements and engineering studies.	Gross	\$1,875,000
	GF/GP	\$0
8. State Building Authority Rent: State Building Authority (SBA) Rent Payments Provides rent payments to the SBA for state-owned facilities that have been renovated or constructed, in whole or part, with SBA financing. Increase of roughly 10% over current year attributable to new projects coming on-line during the current year or next.	Gross	\$24,297,000
	GF/GP	\$27,047,000
9. Department of Transportation: Purchase of Detroit Maintenance Garage As the Department is taking over a portion of the city's snow removal functions, an adequate facility is needed.	Gross	\$3,500,000
	GF/GP	\$0
10. Department of Transportation - Airport Programs - Airport Improvement Projects Provided under this line item are state, local, and federal funds to support local airport improvement projects. Significant state support is being provided to Detroit Metro Airport for the Midfield Terminal expansion project (\$11.3 million); and for Willow Run Airport improvements (\$5.0 million).	Gross	\$14,808,000
	GF/GP	\$6,400,000

ECONOMICS: FY 2000-01

None

MAJOR BOILERPLATE CHANGES: FY 2000-01

None

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. State Universities - ITEM	Gross	\$44,989,800
This provides a 3% increase on a state university's FY1999-2000 base operations funding as supplemental funding for Infrastructure, Technology, Equipment, and Maintenance (ITEM).	GF/GP	\$44,989,800
2. Community Colleges - ITEM	Gross	\$8,798,800
This provides a 3% increase on state FY1999-2000 base funding as supplemental funding for Infrastructure, Technology, Equipment, and Maintenance (ITEM). Colleges receive a base grant of \$75,000 with the balance distributed on square footage basis.	GF/GP	\$8,798,800
3. General Degree Graduate Reimbursement - ITEM	Gross	\$2,213,000
This provides a 3% increase on state FY1999-2000 base funding as supplemental funding for Infrastructure, Technology, Equipment, and Maintenance (ITEM).	GF/GP	\$2,213,000
4. Detroit Zoological Park	Gross	\$10,000,000
Provides grant without a matching requirement. These funds will support about 75% of the cost to construct the Arctic Ring of Life project.	GF/GP	\$10,000,000
5. Niles State Police Post/Public Safety Complex	Gross	\$6,500,000
Provides grant without a matching requirement for construction of a facility to house local police agencies and the State Police.	GF/GP	\$6,500,000
6. Public Broadcasting Digital TV and Radio	Gross	\$0
Provides grant of \$15.9 million without a matching requirement for updating broadcast equipment. Funds will cover about 36% of the conversion costs. This item was vetoed by the Governor.	GF/GP	\$0
7. Iron Ore Museum	Gross	\$500,000
Additional funding is included for restoration projects and for expansion of exhibit space at the Michigan Iron Industry Museum in Negaunee.	GF/GP	\$500,000
8. Kalamazoo Aviation History Museum	Gross	\$3,000,000
These funds will contribute to the \$80.0 million Legacy of Flight Museum project. This new facility is envisioned to be "... the leading air and space attraction in the world." It is anticipated that more than 800,000 people per year will visit the museum.	GF/GP	\$3,000,000
9. Natural Resources Trust Fund Projects	Gross	\$13,651,400
Provides 1999 Round II funding for land acquisitions and recreation development projects.	GF/GP	\$0
10. Natural Resources - Local Harbor Dredging	Gross	\$10,000,000
Provide funds for dredging of publicly-owned marinas due to low water levels.	GF/GP	\$0
11. Natural Resources - State Harbor Dredging	Gross	\$4,000,000
Provide funds for dredging of state-owned marinas due to low water levels.	GF/GP	\$0

Capital outlay**SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000**

12. Natural Resources - Detroit - St. Aubin Marina Provide funds for major repairs and renovations at this city-owned marina. Upon completion, it is anticipated that the state will take over management.	Gross GF/GP	\$3,000,000 \$0
13. Wayne State University (WSU) - Welcome Center Cost and construction authorizations for this \$18.5 million project. The WSU match is \$4.6 million.	Gross GF/GP	\$100 \$100
14. Agriculture - Animal Health Diagnostic Laboratory Cost and construction authorizations for this \$45.0 million facility to be located on the campus of Michigan State University.	Gross GF/GP	\$100 \$100
15. Eastern Michigan University - Science Complex An authorization to begin planning. Initial estimates indicate that the project could cost \$75.0 million. This item was vetoed by the Governor.	Gross GF/GP	\$0 \$0
16. Ferris State University - Engineering and Technology Center An authorization to begin planning. Initial estimates indicate that this project could cost \$18.0 million.	Gross GF/GP	\$100 \$100
17. Michigan Technological University - Integrated Learning/Information Technology Center An authorization to begin planning. Initial estimates indicate that the project could cost \$70.0 million. This item was vetoed by the Governor.	Gross GF/GP	\$0 \$0
18. Northern Michigan University - East Campus Facilities Renovation An authorization to begin planning. Initial estimates indicate that the project could cost \$43.0 million.	Gross GF/GP	\$100 \$100
19. Kellogg Community College - West Michigan Center for Manufacturing Research An authorization to begin planning. Initial estimates indicate that the project could cost \$7.0 million.	Gross GF/GP	\$100 \$100
20. Montcalm Community College - Greenville Technology and Learning Center An authorization to begin planning. Initial estimates indicate that the project could cost \$3.0 million.	Gross GF/GP	\$100 \$100
21. St. Clair Community College - Campus Renovations An authorization to begin planning. A specific project(s) has not yet been determined.	Gross GF/GP	\$100 \$100
22. Attorney General - Law Building Remodeling Allows Department to remodel, furnish, and fund displacement costs.	Gross GF/GP	\$1,600,000 \$1,600,000
23. Southwest Michigan Innovations Center This renovation/expansion project is currently estimated to cost \$10.0 million. The center will be technology based and primarily used to help develop/expand emerging industries in southwest Michigan.	Gross GF/GP	\$5,000,000 \$5,000,000
24. Corrections - Consolidate Prisoner Intake Unit This project funds renovation costs to consolidate the three existing reception and guidance centers into one (to be located at the Egeler facility).	Gross GF/GP	\$5,000,000 \$5,000,000

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

25. Management and Budget (DMB) - Building Demolitions	Gross	\$5,000,000
Combined with Section 413a, DMB is enabled to demolish buildings on tax-reverted properties and get the properties ready for disposition.	GF/GP	\$5,000,000
26. State Police - Radio System Project	Gross	\$28,300,000
Provides funding for a 14% project cost increase to allow for upgrading towers for data transmission capabilities in addition to voice.	GF/GP	\$28,300,000
27. Alpena Community College - Concrete Technology Center	Gross	\$407,700
Provides funding for a 6% project cost increase to allow for the construction of three interactive classrooms, an interactive conference room, and related distance-learning hardware and software.	GF/GP	\$407,700
28. Central Michigan University (CMU) - Health Professions Building	Gross	\$100
Cost and construction authorizations for this \$50.0 million project. The CMU match is \$13.0 million.	GF/GP	\$100
29. Grand Valley State University (GVSU) - Health Professions Building	Gross	\$100
Cost and construction authorizations for this \$53.0 million project. The GVSU match is \$15.9 million.	GF/GP	\$100
30. Lake Superior State University (LSSU) - Arts Classroom Building	Gross	\$100
Cost and construction authorizations for this \$15.3 million project. The LSSU match is \$7.3 million.	GF/GP	\$100
31. Gogebic Community College - Campus Renovations	Gross	\$100
Cost and construction authorizations for this \$1.4 million project.	GF/GP	\$100
32. Monroe Community College - Performing Arts and Education Center	Gross	\$100
An authorization to begin planning. Initial estimates indicate that the project could cost \$7.0 million.	GF/GP	\$100

JUDICIARY

PUBLIC ACT 264 OF 2000

Analyst: Tim Aben

HB 5279

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	583.0	590.5	7.5	1.3
GROSS	\$231,322,000	\$236,914,000	\$5,592,000	2.4
IDG/IDT	2,287,400	3,608,500	1,321,100	57.8
ADJUSTED GROSS	\$229,034,600	\$233,305,500	\$4,270,900	1.9
FEDERAL	3,077,800	2,826,600	(251,200)	(8.2)
LOCAL	2,496,600	2,836,100	339,500	13.6
PRIVATE	1,702,400	1,322,400	(380,000)	(22.3)
OTHER	55,874,900	56,003,600	128,700	0.2
GF/GP	\$165,882,900	\$170,316,800	\$4,433,900	2.7

OVERVIEW - JUDICIARY

The Constitution of the State of Michigan of 1963 provides that "the judicial power of the state is vested exclusively in one court of justice which shall be divided into the supreme court, one court of appeals, one trial court of general jurisdiction known as the circuit court, one probate court, and courts of limited jurisdiction that the legislature may establish by two-thirds vote of the members elected to and serving in each house."

The Michigan Supreme Court is the highest court in the state, hearing cases appealed from other state courts. Applications for "leave to appeal" are filed with the Supreme Court and the court decides whether to grant them. If an application is granted, the Supreme Court will hear the case; if denied, the decision of the lower court stands.

In addition to its judicial duties, the Supreme Court is charged with general administrative supervision of all courts in the state. This is referred to in the State Constitution as "general superintending control." The Supreme Court is responsible for establishing rules for practice and procedure in all courts.

The State Constitution of 1963 also provides for a Court of Appeals, whose jurisdiction is provided by law and the practice and procedure prescribed by rules of the Supreme Court. The Court of Appeals has 28 judges, who are nominated and elected at nonpartisan elections. The Court of Appeals hears civil and criminal cases. Three-judge panels of the Court of Appeals hear cases in Lansing, Detroit, Grand Rapids, and Marquette. The panels are rotated to encourage statewide uniformity in rulings by eliminating the likelihood of conflicting legal philosophies developing in specific geographical areas. The procedure for hearing cases is similar to that followed by the Supreme Court. The decision of a panel of the Court of Appeals is final except in those cases where the decision is reviewed by the Supreme Court.

Reflected in the Judiciary appropriations act are the duties, functions, and responsibilities of the Supreme Court, Court of Appeals, and the respective ancillary agencies. For FY 2000-01, the enacted budget for the Judiciary reflects a total increase of \$4.6 million Gross (or 2.0%) and an increase of \$3.4 million (or 2.1%) GF/GP from FY 1999-2000 year-to-date authorized.

Items included in the Judiciary budget are assumptions for the Justices' and Judges' salaries, Drug Court Grant Program, General Fund enhancement for the Community Dispute Resolution Program (continuation from current-year supplemental), adjustments in restricted revenue, court reform adjustments, and economics, among others.

MAJOR BUDGET CHANGES: FY 2000-01

<u>Budget Issue</u>	<u>Change from FY 1999-2000</u>	
1. Hold Harmless Fund	FTEs	0.0
Pursuant to 1996 PA 374, the Hold Harmless Fund is reduced by \$4.0 million GF/GP annually. The balance after this reduction for FY 2000-01 is \$4.0 million.	Gross	(\$4,000,000)
	GF/GP	(\$4,000,000)
2. Court Equity Fund	FTEs	0.0
Pursuant to 1996 PA 374, the Court Equity Fund is increased by \$4.0 million GF/GP annually. The balance after this increase for FY 2000-01 is \$73.8 million.	Gross	\$4,000,000
	GF/GP	\$4,000,000

MAJOR BUDGET CHANGES: FY 2000-01**Budget Issue****Change from FY 1999-2000****3. State Officers Compensation Commission (SOCC)**

The budget for the Judiciary includes an increase of \$2.4 million in justices' and judges' salaries. The recommendation assumes a 3% SOCC-recommended increase for the calendar year beginning January 1, 2001, for the Supreme Court justices (SOCC will be making its salary recommendations in December 2000 for calendar years 2001 and 2002).

FTEs	0.0
Gross	\$2,375,000
GF/GP	\$2,375,000

Increasing the justices' salaries results in increasing salaries of the judges from the Court of Appeals (92% of justices' salary level), Circuit and Probate Court (85% of justices' salary level), and District Court (84% of justices' salary level). The current salary for a Supreme Court Justice is \$140,815, and the 3% assumption establishes it at \$145,040 with increases for Court of Appeals and Trial Court Judges statutorily required as follows:

Court of Appeals:	\$133,437 from current \$129,550
Circuit/Probate:	\$123,284 from current \$119,693
District:	\$121,834 from current \$118,285

4. Drug Court Grant Program

The purpose of the Michigan Drug Court Grant Program is to provide funding assistance to jurisdictions to help with planning and implementation of new drug courts, expansion of existing drug courts, and continuation funding for drug court programs no longer eligible to receive federal funding for their drug court programs. In the supplemental for FY 1998-99, \$1.0 million was appropriated to SCAO for eligible applicants. For FY 2000-01, the drug grant continues in the base with an additional \$200,000 for total of \$1.2 million available.

FTEs	0.0
Gross	\$1,200,000
GF/GP	\$1,200,000

5. Part-time Probate Judges' Transition to Full-time

Funding is included for the salary difference of the current 14 part-time judges becoming full-time. Legislation is required to implement this change and language (Sec. 328) is included which states that if the legislation is not enacted in FY 2000-01, this appropriation lapses back to the state GF/GP.

FTEs	0.0
Gross	\$473,000
GF/GP	\$473,000

6. General Fund Offset for Judges' Salaries

The increase in the GF/GP for judges' salaries is a result of reducing the amount of revenue from the State Court Fee Fund.

FTEs	0.0
Gross	\$0
GF/GP	\$435,000

7. Community Dispute Resolution

Also included is the continuation of General Fund revenues for the Community Dispute Resolution Program from the current-year supplemental in the amount of \$572,000. (Since there are no recommended changes to the base, no amounts are shown in the change column.)

FTEs	0.0
Gross	\$0
GF/GP	\$0

8. Funding Shift

This change is a result of an audit report finding that federal TANF funding was being used in a way prohibited by federal guidelines. The shift eliminates the TANF funding and replaces it with new Title IV-E and state GF/GP.

Gross	\$0
Federal	(276,700)
GF/GP	\$276,700

MAJOR BUDGET CHANGES: FY 2000-01**Budget Issue****Change from FY 1999-2000****9. Supreme Court Staff**

The House added one supreme court auditor and a new public education coordinator, each funded at \$79,500. The Senate (and subsequently the Conference Committee) added a Human Resources Director position at \$107,100.

FTEs	3.0
Gross	\$266,100
GF/GP	\$266,100

ECONOMICS: FY 2000-01**1. Economic Adjustments**

These adjustments reflect the cost of living allowance recommended by the Department of Management and Budget for all executive departments and agencies statewide. The Executive recommended economics at 2% for salaries and wages, as well as adjustments to insurance rates, retirement costs, utilities, janitorial, etc. The Legislature concurred with the 2% plus the \$375 lump-sum payment given to the Executive branch.

Gross	\$3,094,700
Restricted	121,400
GF/GP	\$2,973,300

2. Retirement

Included with the Judiciary budget are funds required for the employer's share of defined contribution retirement costs.

Gross	\$380,800
GF/GP	\$380,800

MAJOR BOILERPLATE CHANGES: FY 2000-01**1. Internal Auditor Report**

Section 210 requires the Judiciary to provide a report and establishes criteria on each audit or investigation performed by the internal auditor pursuant to 1984 Act 431, as amended.

2. Internal Auditor

Section 213 requires the Judiciary to provide a report prepared by the branch's internal auditor for the fiscal year that will include a listing of each auditor or investigation performed, proportion of time spent on each of the statutory responsibilities listed in the DMB act, and time spent on all other activities performed in the internal audit function.

3. Forms Required for Use Developed by SCAO

Section 306 requires the Judiciary to provide to each county all forms in the quantity requested.

4. Annual Dues

Section 308 prohibits payment of annual membership dues for State Bar membership from provided appropriations.

5. Court of Appeals Case Processing Standards

Section 310 requires the State Court Administrative Office to assist the Court of Appeals and trial courts to meet case processing standards of 90% of cases within 18 months of the filing date.

6. Community Dispute Resolution Program

Section 315 requires that general fund revenue be disbursed by formula to achieve a base level of funding for centers at \$30,000, with the remainder disbursed based on performance measures.

7. Indigent Defense

Section 319 prohibits providing legal assistance with respect to any proceeding or litigation which seeks to procure an abortion.

MAJOR BOILERPLATE CHANGES: FY 2000-01**8. Drug Court Grants**

Section 322 establishes criteria for disbursement of \$1.2 million in appropriations for drug courts and delayed the grant duration limits and match requirements until FY 2000-01 (limiting the state funding to three years, and providing for increasing local match requirements at 25%, 40% and 50% for each of the three years).

9. Parental Rights Restoration Act Statistical Report.

Section 323 contains new language that requires the State Court Administrative Office to produce a statistical report regarding the implementation of the Parental Rights Restoration Act as it pertains to minors seeking a court-issued waiver of parental consent to obtain an abortion. The report shall include the number of petitions filed, number of hearings held, and waivers granted.

10. Non-compliance of Federal Child Support System

Section 324 requires non-compliant counties to pay a penalty for non-compliance with the federally-required Child Support Enforcement System. Also requires report on progress of reaching the federal standards by November 15, 2000.

11. Input of Information to Law Enforcement Information Network (LEIN)

Section 326 provides conditions for the allocation of the \$50,000 appropriation for LEIN system input compliance, pursuant to law.

12. Trial Court Projects

Section 327 requires that a review of the trial court projects be a part of the Legislative Auditor General's audit of the Judiciary.

13. Part-Time Probate Judges to Full-Time

Section 328 requires that the state GF/GP appropriations lapse if legislation is not enacted to make this change.

VETOES: FY 2000-01

None

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000**1. Demonstration Projects**

A FY 1999-2000 supplemental appropriation of \$2.3 million is included in 2000 PA 291 to provide funding for additional court demonstration projects. Over a two-year period, incentive grants will be awarded for 30 courts to implement a variety of organizational designs, technology innovations, and docket processes.

FTEs	0.0
Gross	\$2,300,000
GF/GP	\$2,300,000

2. Implementation of Commercial Vehicle Legislation Package

As a result of the enactment of 2000 PAs 93, 94, 95, 96, 97, and 98 (HBs 4927-4932, respectively), this supplemental is provided to the State Court Administrative Office for implementation assistance to local courts in processing of fines and revenues as it relates to this legislation.

Gross	\$1,650,000
GF/GP	\$1,650,000

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000**3. Grant to the 27th District Court**

This supplemental is to assist in the merging of the two divisional courts in the 27th District Court (Riverview/Wyandotte).

Gross	\$250,000
GF/GP	\$250,000

4. Law Exam Fees

The current-year budget was predicated on additional law exam fees, contingent upon passage of accompanying legislation recently signed into law (2000 PA 86). Although the legislation is now law, the lateness of its enactment causes the fund to be in deficit as the budget was based on six months of increased fees. This supplemental reflects the amount needed for the deduct to meet 100% of its revenue for this year.

Gross	\$0
Restricted	(200,000)
GF/GP	\$200,000

5. Court Reform Pilot Projects

Section 420 requires the auditor general to submit an evaluation of the existing project sites to members of the House and Senate prior to the release of the \$2.3 million.

6. Implementation of Enacted 2000 HBs 4927-4932

Section 421 identifies and references the \$1.6 million in part 1 to the public acts that were enacted to require this implementation cost in the supplemental.

TRANSPORTATION

PUBLIC ACT 271 OF 2000

Analyst: William E. Hamilton

HB 5284

	FY 1999-2000 YEAR-TO-DATE APPROPRIATIONS	FY 2000-01 ENACTED APPROPRIATIONS	FY 2000-01 ENACTED CHANGE FROM FY 1999-2000	
			AMOUNT	PERCENT
FTE POSITIONS	3,182.3	3,182.3	0.0	0.0
GROSS	\$2,871,749,700	\$2,978,304,600	\$106,554,900	3.7
IDG/IDT	\$10,459,500	\$10,459,500	\$0	0.0
ADJUSTED GROSS	\$2,861,290,200	\$2,967,845,100	\$106,554,900	3.7
FEDERAL	\$871,625,000	\$915,449,000	\$43,824,000	5.0
LOCAL	\$5,700,000	\$5,700,000	\$0	0.0
PRIVATE	\$0	\$0	\$0	0.0
OTHER	\$1,983,965,200	\$2,046,696,100	\$62,730,900	3.2
GF/GP	\$0	\$0	\$0	0.0

OVERVIEW - TRANSPORTATION

Article IX, Section 9, of the Michigan Constitution of 1963 provides for a dedicated source of transportation revenue — motor fuel taxes and vehicle registration fees. Public Act 51 of 1951 (Act 51) establishes and defines major transportation programs and allocates state restricted transportation revenue to those programs. Act 51 also provides for the allocation of state restricted transportation revenue between the state and local units of government. The transportation budget and state transportation programs funded through that budget are administered by the Michigan Department of Transportation (MDOT).

The enacted FY 2000-01 transportation budget of almost \$3.0 billion reflects an increase of \$106.6 million or 3.7% from the current FY 1999-2000 budget. The current authorization of 3,186.3 FTE positions for MDOT is unchanged. The proposed budget would be funded by \$2.0 billion in state restricted revenue — primarily from motor fuel taxes and vehicle registration fees, \$915.4 million in federal funds through TEA-21 programs, and \$5.7 million in local funds. This distribution of state, federal, and local funding is approximately the same as in the current year.

State and local highway construction and maintenance programs represent \$2.7 billion or 90% of the enacted FY 2000-01 budget, public transportation programs represent \$288.6 million (almost 10% of the budget), and aeronautics programs represent \$9.0 million (less than 1%). The distribution of funds between these three program categories is relatively unchanged from the current fiscal year.

Approximately 48% of the appropriations in the FY 2000-01 transportation budget — including both state and federal funds — are for highway and public transportation programs of local units of government (county road commissions, incorporated cities and villages, and public transit agencies). This distribution of funds, 52% to state programs and 48% to local units of government, is also similar to the current fiscal year.

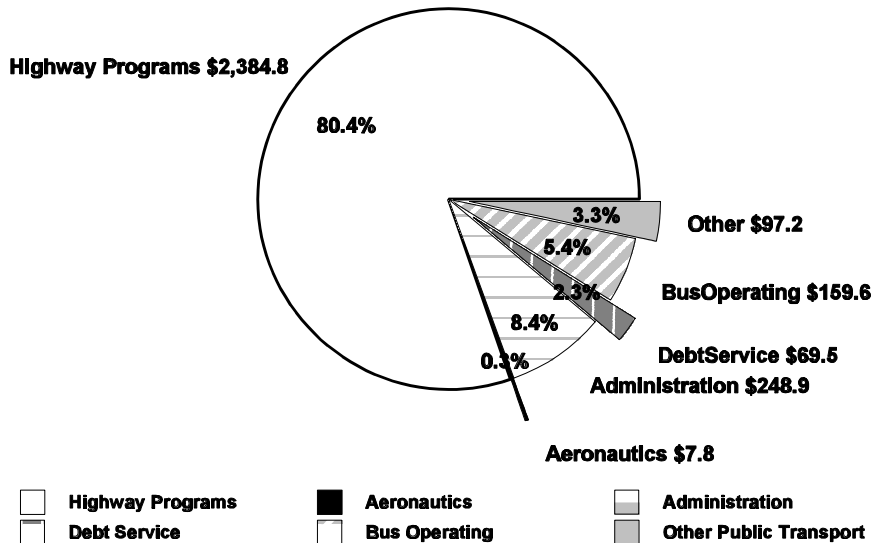
Estimated FY 2000-01 Michigan Transportation Fund (MTF) formula distributions to eligible local road agencies (county road commissions and incorporated cities and villages) total \$918.4 million — an increase of \$48.8 million or 5.6% from the current fiscal year. This increase is based on anticipated increases in motor fuel taxes and vehicle registration fees. Actual MTF distributions for both the current and subsequent fiscal year will be based on Act 51 distribution formulas applied to actual MTF revenues.

Appropriated federal aid for local road agency construction projects totals \$211.8 million under the enacted budget — an increase of \$16.0 million or 8.2% over the current year. This allocation of federal aid to local units of government reflects the 75:25 split between MDOT and local road authorities required by 1951 PA 51.

Funding for state trunkline road and bridge construction would be \$928.0 million under the enacted budget — an increase of \$40.2 million or 4.5% from the current year. In addition, spending authority of for state trunkline maintenance was increased by \$5.8 million to \$234.7 million — an increase of 2.6% over the current year.

The enacted FY 2000-01 budget includes \$150.6 million in state restricted funds for local bus operating assistance — approximately the same as the current fiscal year. The following charts depict FY 2000-01 adjusted gross appropriations and estimated revenues by source.

Transportation Adjusted Gross Appropriations FY 2000-01 (Millions of Dollars)

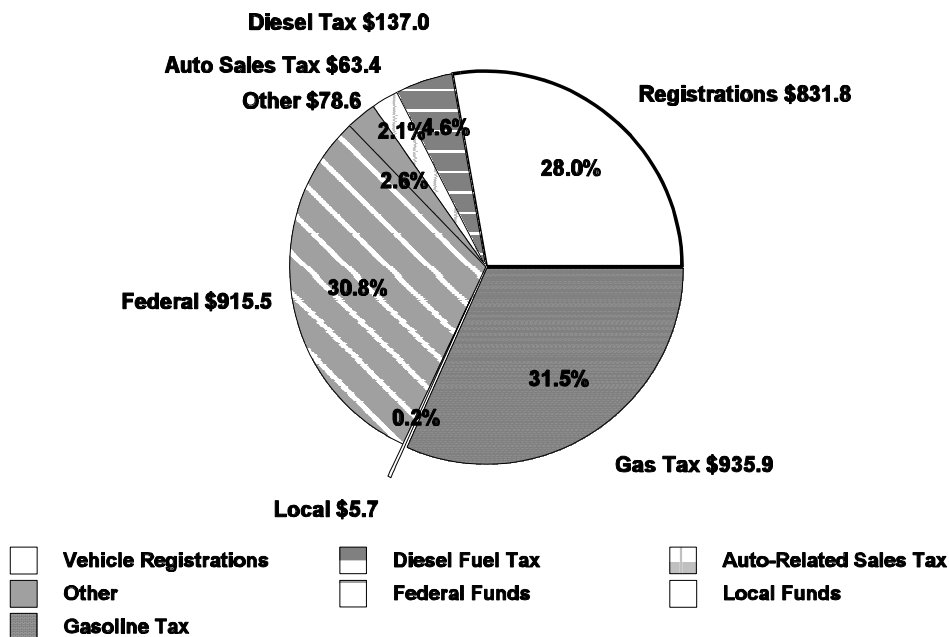


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MINISTRATION includes MDOT executive, administrative services, finance, planning, Bureau of Highway's engineering operations, maintenance operations, program services, UPTRAN administration, and grants (IDGs) to other departments.

HIGHWAY PROGRAMS includes state highway construction, state highway maintenance, and funds appropriated for local road agencies (county road commissions, cities, and villages).

Transportation Funding Sources: FY 2000-01



MAJOR BUDGET CHANGES: FY 2000-01

Budget Issue

Change from FY 1999-2000

1. Michigan Transportation Fund to Local Road Agencies

Public Act 51 of 1951 (Act 51) provides for a formula distribution of funds from the Michigan Transportation Fund (MTF) to eligible local road agencies (county road commissions and incorporated cities and villages). Under the enacted budget, the MTF distribution to these local road agencies would total \$918.4 million — an increase of \$48.8 million or 5.6% from the current fiscal year. This increase is based on anticipated increases in motor fuel taxes and vehicle registration fees. Note that actual MTF distributions to local road agencies — in both the current and subsequent fiscal year — will be based on Act 51 distribution formulas applied to actual MTF revenues.

FTEs	0.0
Gross	\$
GF/GP	48,771,900
	\$0

2. State Trunkline Road and Bridge Construction

The enacted budget includes \$928.0 million for state trunkline construction — an increase of \$40.2 million or 4.5% from the current year. This increase is supported by \$37.1 million in additional federal revenue from TEA-21 authorizations, plus \$3.1 million in additional State Trunkline Funds.

FTEs	0.0
Gross	\$40,159,000
GF/GP	\$0

The authorization for this line item reflects three line item vetoes, totaling \$2.6 million, made by the Governor to Enrolled House Bill 5284. Those vetoes are discussed further below.

3. Federal Aid to Local Road Agencies

Appropriated federal aid for local road agency construction programs totals \$211.8 million under the enacted budget — an increase of \$16.0 million or 8.2% over the current year. This allocation of federal aid to local units of government reflects the 75:25 split between MDOT and local road authorities required by PA 51 of 1951.

FTEs	0.0
Gross	\$15,976,000
GF/GP	\$0

The authorization for this line item reflects two line item vetoes, totaling \$9.2 million, made by the Governor to Enrolled House Bill 5284. Those vetoes are discussed further below.

4. Highway Engineering Operations

The enacted budget includes a \$3.8 million increase for the Bureau of Highways, Engineering Operations. This is a technical budget adjustment to account for Department engineering activity which cannot be charged directly to road and bridge construction projects.

FTEs	0.0
Gross	\$3,809,000
GF/GP	\$0

MAJOR BUDGET CHANGES: FY 2000-01**Budget Issue****Change from FY 1999-2000****5. Highway Maintenance**

The enacted budget includes an additional \$4.6 million for the maintenance of state trunkline highways — exclusive of economic increases and program transfers. The Department intends to use the increase for the maintenance of an additional 146 state “E” miles added to the state trunkline system in 1999, roadside services in Metro Detroit, maintenance for additional rest areas, a pilot de-icing project in the Southwest region, maintenance of SCATS intelligent traffic signals in Oakland County, and evaluation of rest area sewage disposal systems.

FTEs	0.0
Gross	\$4,581,500
GF/GP	\$0

The total appropriation for state highway maintenance, \$234.7 million, reflects the Governor’s veto of Section 613 of Enrolled House Bill 5284, which earmarked \$500,000 for dead deer disposal. The Governor’s line item vetoes are discussed further below.

6. Bus Transit Statutory Operating Assistance

The FY 2000-01 budget authorizes \$150.7 million in state restricted funds for local bus operating assistance — nominally a \$76,400 increase in state support. In addition, because the enacted budget eliminated current-year boilerplate restrictions to this line item, the FY 2000-01 appropriation effectively provides an additional \$600,000 in state funds for local bus operating assistance.

FTEs	0.0
Gross	\$376,400
GF/GP	\$0

The enacted budget also reflects an increase of \$300,000 in federal formula assistance for nonurban transit systems. The combined \$376,400 increase in appropriated state and federal statutory operating assistance represents an increase of less than 1% from current-year appropriations.

7. Local Agency Services

The budget includes a \$500,000 increase in MTF funding for MDOT engineering services to assist local road agencies in developing federal-aid eligible projects.

FTEs	0.0
Gross	\$500,000
GF/GP	\$0

8. Critical Bridge Program

The enacted budget includes an additional \$500,000 for the Critical Bridge program, which is used to fund construction and reconstruction of local bridges. The increase comes from interest earnings on program fund balances. The increase brings this line item to \$5,750,000 — an increase of 9.5% from the current year.

FTEs	0.0
Gross	\$500,000
GF/GP	\$0

9. Administrative Services

The enacted budget eliminates \$4.0 million in one-time funding in the Administrative Services appropriations unit for the development of a new project accounting and billing system. In FY 1999-2000, this project had been funded from \$3.0 million from the STF and \$1.0 million in federal funds.

FTEs	0.0
Gross	(\$4,000,000)
GF/GP	\$0

10. Administrative Cost Containment

MDOT identified administrative cost reductions of \$3.1 million. These reductions were reflected in the enacted budget through decreased appropriations for several administrative units.

FTEs	0.0
Gross	(\$3,113,300)
GF/GP	\$0

MAJOR BUDGET CHANGES: FY 2000-01**Budget Issue****Change from FY 1999-2000****11. AAA Intersection Improvement Program**

The FY 2000-01 budget eliminates this line item which was new in the FY 1999-2000 budget. The Department has indicated that it intends to continue to work with AAA on improvements to dangerous intersections.

FTEs 0.0

Gross (\$2,000,000)

GF/GP \$0

ECONOMICS: FY 2000-01***Economic Adjustments***

The enacted budget reflects \$10.5 million in additional funding for Department salaries, fringe benefits, motor transport costs, worker's compensation, and building occupancy charges. The proposed budget also reflects economic increases of \$2.4 million for grants from transportation funds to other state departments.

FTEs 0.0

Gross \$12,925,000

GF/GP \$0

MAJOR BOILERPLATE CHANGES: FY 2000-01**1. Federal Contingency Funds**

The enacted budget increased from \$40.0 million to \$100.0 million the amount which could be transferred from the "federal contingency" line in Section 206(1). As a result, if additional federal funds became available, up to \$100.0 million could be added to the budget through the legislative transfer process without the need for a supplemental appropriations bill. Only \$40.0 million in federal funds can be added by transfer under the current fiscal year budget language.

2. Audit of MDOT Services to Local Road Agencies

The enacted budget added subsection (2) to Section 306 to require the Auditor General to perform a "one-time" performance audit of MDOT services to local road agencies.

3. Rest Area Maintenance

New Section 331 requires the Department to post signs which identify the agency or contractor responsible for rest area maintenance and provide a telephone number for complaints.

4. Summer Youth Programs

New Section 333 requires the Department to work with the Family Independence Agency regarding summer programs for at-risk youth.

5. Interdepartmental Grant (IDG) to the Attorney General

The enacted budget shifts funding for this grant from the MTF to the STF. New Section 334 requires the Department to determine how much of the Attorney General's work for the Department is of general benefit to all transportation programs and how much is of specific benefit to state trunkline, local road agency, public transportation, and aeronautics programs, respectively.

6. Pedestrian Overpasses

New Section 336 requires MDOT to provide matching funds to remediate unsafe pedestrian crossings on state highways.

7. Grand River Avenue

New Section 337 indicates that the Department may provide funding for improvements to Grand River Avenue in the city of Novi.

MAJOR BOILERPLATE CHANGES: FY 2000-01

8. Multi-Modal Transportation Center

New Section 338 requires MDOT to work with DDOT, SMART, and Greyhound on the development of a new service center for southeast Michigan.

9. Bridge Inspectors

New Section 339 requires MDOT to fill all vacant bridge inspector positions.

10. Federal Funding Notification

New Section 340 requires MDOT to notify local road agencies of available federal bridge funds.

11. Construction Zone Enforcement

New Section 342 earmarks \$500,000 to reimburse the Michigan State Police for enhanced construction zone traffic law enforcement.

12. Build Michigan III

New Section 343 allows the STF to carry forward funds earmarked for Build Michigan III debt service and construction. In addition, new Section 345 provides for legislative review of Build Michigan III projects prior to bonding. See Notes 3 and 4 in "Supplemental Appropriations" below.

13. US 131 Project

New Section 615 directs MDOT to continue with the extension and completion of US-131.

14. AMTRAK Subsidy

Section 707 requires that the Department negotiate with AMTRAK to provide seven-day rail passenger service between Port Huron and Chicago and between Grand Rapids and Chicago. The section specifies the use of CTF funds. The section also requires a report on the five-year history of services, ridership, and subsidies by January 1, 2001.

15. DDOT/SMART Coordination

Section 717 requires DDOT and SMART, as a condition of receiving local bus operating assistance, to submit copies of reports prepared by KPMG Peat Marwick regarding merger or coordinated services between DDOT and SMART.

16. Unreserved CTF Fund Balance

Section 729 requires the Department, together with the House and Senate Fiscal agencies, and the Department of Management and Budget, to estimate the unreserved and unencumbered CTF closing balance for the fiscal year ending September 30, 2000. The section further requires the Department to request a legislative transfer in accordance with the Management and Budget Act to appropriate any CTF unreserved and unencumbered balance in excess of \$1.0 million. The section requires the estimate to be completed by January 29, 2001, and the transfer request made by February 5, 2001.

VETOES: FY 2000-01

1. Allocation of Federal Aid for Local Bridges

The Governor vetoed Section 402 (5) which earmarked 20% of federal bridge funds to the critical bridge fund for the purpose of repairing or replacing local bridges. The veto resulted in a reduction of \$6.2 million in federal funds in the local federal aid and road and bridge construction line item — although there will be no effect on actual federal highway funds available to the State of Michigan. The vetoed amount represents the difference between the 20% allocation mandated by the boilerplate section and the 15% allocation to local bridge programs planned by the Department.

	Gross	\$6,163,000
	GF/GP	\$0

VETOES: FY 2000-01**2. Local Bridge Funds**

The Governor vetoed Section 509 which earmarked \$3.0 million from the local federal aid and road and bridge construction line item to match local funds for bridge improvements. The specific eligibility requirements of the boilerplate would have limited these funds to Macomb county. It is anticipated that the Department will request a legislative transfer to restore these funds to the local federal aid and road and bridge construction line item.

Gross **\$3,000,000**
GF/GP **\$0**

3. Dead Deer Disposal

The Governor vetoed two boilerplate sections which earmarked funds for disposal of dead deer. Section 508 earmarked up to \$400,000 from the MTF for the removal of dead deer from county roads. Section 613 earmarked up to \$500,000 from STF for deer disposal on state trunklines.

Gross **\$900,000**
GF/GP **\$0**

4. Soundwall Project in Southfield

The Governor vetoed Section 617 which authorized the Department to construct a soundwall along I-696 in Southfield. The veto reduced the state trunkline federal aid and road and bridge line item by \$1.0 million — the estimated amount of the project.

Gross **\$1,000,000**
GF/GP **\$0**

5. I-75 Interchange

The Governor vetoed Section 616 which directed the Department to begin the construction of an interchange on I-75 at M-30 in Ogemaw county. The veto reduced the state trunkline federal aid and road and bridge line item by \$100,000 — the estimated cost of project preliminary engineering.

Gross **\$100,000**
GF/GP **\$0**

6. Pedestrian Overpass Project

The Governor vetoed Section 617 which directed MDOT to begin the construction of a pedestrian overpass on BL I-94 in the City of Jackson. The veto reduced the state trunkline federal aid and road and bridge line item by \$1.5 million — the estimated amount of the project.

Gross **\$1,500,000**
GF/GP **\$0**

REVENUE INCREASES: FY 2000-01

None

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

1. *Purchase Transit Vehicles / Construct Facilities*

An additional \$29.1 million was appropriated in 2000 PA 271 for the bus capital line item for the purchase of transit vehicles and/or the construction of facilities. This increase, which almost doubled the line item from the original \$29.4 authorization, is based on an anticipated \$23.7 million in additional federal transit funds, plus \$5.4 million in state restricted funds from the Comprehensive Transportation Fund (CTF).

2. *Rail Freight Economic Development Projects*

Public Act 271 of 2000 included an additional \$600,000 in state restricted funds from the CTF for freight preservation and development for rail freight economic development projects.

3. *Build Michigan III Funding*

Boilerplate Section 602 of 2000 PA 271 appropriates up to \$100 million from the State Trunkline Fund (STF) for the Build Michigan III program, based on the transfer of funds from the countercyclical and budget stabilization fund (BSF) to the STF made in SB 1275, (2000 PA 189). Section 602 also provides that the funds transferred from the BSF to the STF for the Build Michigan III program shall carry forward and not lapse at the end of the fiscal year.

4. *Build Michigan III Project Review*

Boilerplate Section 603 of 2000 PA 271 indicates that it is the intent of the Legislature to review, prior to construction, all Build Michigan III projects.

**FY 2000-01 Budget
CONSENSUS REVENUE**

CONSENSUS REVENUES

This section explains May 2000 consensus revenue estimates for GF/GP and School Aid Fund revenue by major revenue sources. Several important assumptions behind the revenue estimates are discussed in the following text.

General Fund/General Purpose Revenue by Source

Personal Income Tax

The employment base is expected to continue to expand, but at a slower rate in 1999 and 2000. Unemployment rates will remain low. This will lead to moderately slower growth in Michigan personal income and income tax revenues in FY 2000-01.

Baseline GF/GP income tax revenues increased by 9.8% in FY 1998-99, to \$5,055.5 million. Income tax revenues are expected to increase 7.8% (to \$5,448.2 million) in FY 1999-2000 and 6.0% in FY 2000-01 (to \$5,775.3 million).

Sales and Use Taxes

Sustained growth in wage and salary income and sustained low unemployment will combine to increase baseline sales and use tax revenue from \$1,001.8 million in FY 1998-99 to \$1,031.9 million in FY 1999-2000, and by 5.6% (to \$1,090.0 million) in FY 2000-01.

Single Business and Insurance Taxes

Single Business Tax (SBT) revenues accrue to the GF/GP. Net baseline business taxes (SBT plus insurance taxes) were \$2,521.1 million in FY 1998-99 and are expected to increase 1.3% (to \$2,553.0 million) in FY 1999-2000 and 3.4% (to \$2,640.0 million) in FY 2000-01.

Baseline Single Business Tax revenues alone were \$2,316.0 million in FY 1998-99; they are expected to increase 1.5% (to \$2,350.0 million) in FY 1999-2000, and 3.4% (to \$2,430.0 million) in FY 2000-01.

GF/GP Baseline Tax Revenues

Baseline GF/GP tax revenues totaled \$9,228.6 million in FY 1998-99. General Fund/General Purpose baseline tax revenues are expected to increase by 5.1% (to \$9,699.4 million) in FY 1999-2000 and by 5.0% (to \$10,182.5 million) in FY 2000-01. Total GF/GP baseline tax revenues include the category labeled "Other Taxes" in the following table.

Total GF/GP Baseline Revenues

Total baseline GF/GP revenues include baseline tax revenues and non-tax revenues. Total GF/GP baseline revenues were approximately \$9,573.8 million in FY 1998-99. General Fund/General Purpose baseline revenues are expected to increase by 4.8% (to \$10,035.4 million) in FY 1999-2000 and by 4.6% (to \$10,498.5 million) in FY 2000-01.

Consensus Revenues

Actual GF/GP Revenues

Actual GF/GP revenues represent revenues available for expenditure each year. Actual GF/GP revenues are expected to be \$9,646.9 million in FY 1999-2000 and are expected to increase 1.5% (to \$9,792.9 million) in FY 2000-01.

GF/GP REVENUE ESTIMATES (Millions of Dollars and Fiscal Years)					
	1998-99	1999-2000	2000-01	2000-01 over 1999-2000 %Change	\$Change
Personal Income Taxes	\$5,055.5	\$5,448.2	\$5,775.3	6.0%	\$327.1
Sales and Use Taxes	1,001.8	1,031.9	1,090.0	5.6%	58.1
SBT and Insurance Taxes	2,521.1	2,553.0	2,640.0	3.4%	87.0
Other Taxes	650.2	666.3	677.2	1.6%	10.9
GF/GP Baseline Tax Revenues	\$9,228.6	\$9,699.4	\$10,182.5	5.0%	\$483.1
Non-Tax Revenue	345.2	336.0	316.0		
Total GF/GP Baseline Revenues	\$9,573.8	\$10,035.4	\$10,498.5	4.6%	\$463.1
Adjustments to Baseline	(111.1)	(388.5)	(705.6)		
Actual GF/GP Revenues	\$9,462.7	\$9,646.9	\$9,792.9	1.5%	\$146.0

School Aid Fund Revenue by Source

Sales and Use Taxes

Baseline sales tax revenue is expected to increase by 7.0% in FY 1999-2000 and by 5.2% FY 2000-01; baseline use tax revenue to the SAF will increase by 5.0% in FY 1999-2000 and by 4.7% in FY 2000-01. Combined sales and use tax revenue dedicated to the SAF equaled \$4,480.6 million in FY 1998-99 and will increase by 6.8% (to \$5,062.7 million) in FY 1999-2000 and by 5.2% (to \$5,324.9 million) in FY 2000-01.

Income Tax

Baseline dedicated income tax revenue will increase 8.3% (to \$2,001.5 million) in FY 1999-2000 and by 5.8% (to \$2,117.8 million) in FY 2000-01.

Lottery/Casino

Lottery revenues contributed approximately \$621.1 million to the SAF in FY 1998-99. Baseline lottery revenues to the SAF are projected to decrease to \$609.0 million in FY 1999-2000 and increase slightly to \$612.0 million in FY 2000-01.

In FY 1999-2000, casino gaming revenue accrued to the SAF is expected to total \$50.0 million. In FY 2000-01, all three temporary casinos are expected to be in operation and to generate \$78.0 million for the SAF. Baseline revenue estimates do not include the impact of Detroit casinos.

Consensus Revenues

Tobacco Taxes

Approximately 64.0% of gross tobacco tax revenue is dedicated to the School Aid Fund. The School Aid Fund received \$394.4 million from tobacco taxes in FY 1998-99.

The demand for tobacco products is expected to decline slowly over the duration of the forecast. Total tobacco tax revenues are expected to decrease to \$387.9 million in FY 1999-2000 and to \$381.6 million in FY 2000-01.

State Education Tax

All of the 6-mill state education tax (SET) is dedicated to the SAF. Revenues from the SET were \$1,273.5 million in FY 1998-99. State Education Tax revenues are expected to increase 8.0% (to \$1,375.0 million) in FY 1999-2000 and 5.0% (to \$1,444.0 million) in FY 2000-01.

Transfer Tax

The transfer tax contributed \$261.7 million to the SAF in FY 1998-99 and is expected to contribute \$264.0 million to the SAF in FY 1999-2000 and \$265.0 million in FY 2000-01, as a slower economy dampens the housing market.

Total SAF Baseline Revenues

Total SAF baseline revenues were \$9,314.4 million in FY 1998-99. Baseline revenues are expected to increase 6.3% (to \$9,904.1 million) in FY 1999-2000 and 4.5% (to \$10,351.3 million) in FY 2000-01.

Actual SAF Revenues

Actual SAF revenues represent revenues available for expenditure each year. Actual SAF revenues include federal funds and BSF transfers to the SAF. Actual SAF revenue does not include any GF/GP transfers to SAF or beginning fund balances. Actual SAF revenues were \$9,309.9 million in FY 1998-99 and are expected to increase 6.6% to \$9,920.1 million in FY 1999-2000 and 4.6% to \$10,374.8 million in FY 2000-01.

SCHOOL AID FUND REVENUE ESTIMATES					
Revenues	Millions of Dollars			2000-01 over 1999-2000	
	FY 1998-99	FY 1999-2000	FY 2000-01	% Change	\$ Change
Sales and Use Tax	\$4,739.4	\$5,062.7	\$5,324.9	5.2%	262.2
Income Tax Earmark	1,848.1	2,001.5	2,117.8	5.8%	116.3
Lottery	621.1	609.0	612.0	0.5%	3.0
Tobacco Taxes	394.4	387.9	381.6	-1.6%	(6.3)
State Education Tax	1,273.5	1,375.0	1,444.0	5.0%	69.0
Real Estate Transfer Tax	261.7	264.0	265.0	0.4%	1.0
Liquor Excise and Specific Taxes	176.2	204.0	206.0	1.0%	2.0
Baseline SAF Revenues	\$9,314.4	\$9,904.1	\$10,351.3	4.5%	\$447.2
Adjustments to Baseline	(4.5)	16.0	23.4		
Actual SAF Revenues (less GF/GP Transfer)	\$9,309.9	\$9,920.1	\$10,374.8	4.6%	\$454.7

HFA Estimates of Year-End Balances

Consensus Revenues

The table below reports House Fiscal Agency estimates of year-end balances for GF/GP, the SAF, and the BSF.

- , Fiscal year 1998-99 year-end balances are reported in *State of Michigan Comprehensive Annual Financial Report: FY 1998-99*.
- , Fiscal year 1999-2000 and FY 2000-01 estimates are based on year-to-date appropriations and consensus revenue estimates.
- , Fiscal year 1999-2000 and FY 2000-01 Budget Stabilization Fund estimates are based on current balance estimates provided by the Michigan Department of Treasury and HFA estimates of future deposits and interest earned.

School Aid Fund revenues are restricted; hence, any year-end balance is carried forward to the subsequent year.

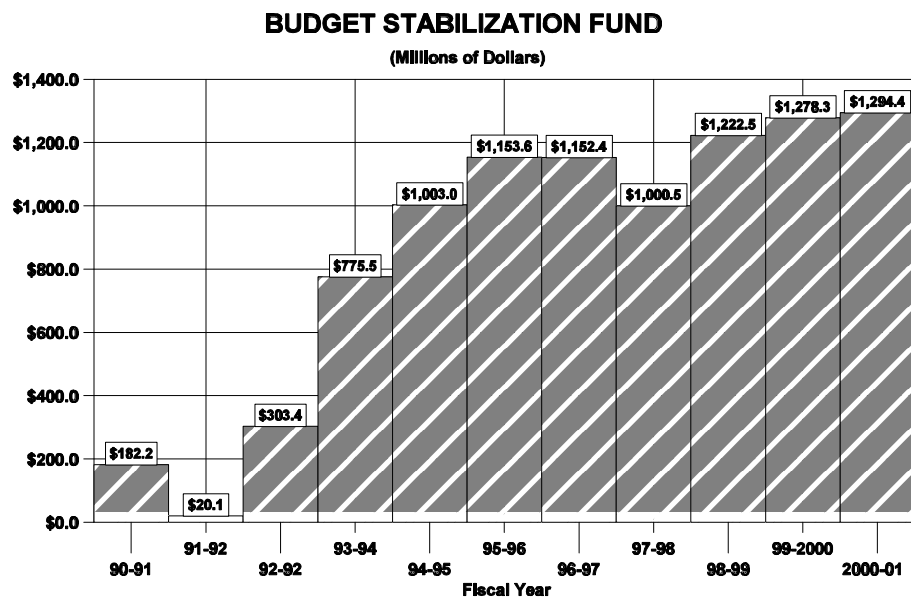
YEAR-END BALANCE ESTIMATES (Millions of Dollars)			
	FY 1998-99	FY 1999-2000	FY 2000-01
General Fund/General Purpose	\$13.5	\$0.0	\$0.0
School Aid Fund	572.8	819.7	791.5
Budget Stabilization Fund	1,222.5	1,278.3	1,294.4

Consensus Revenues

Budget Stabilization Fund Year-End Balances

The following table and figure show a history of BSF deposits, withdrawals, and interest earnings from FY 1990-91 to FY 1998-99. The table includes consensus and HFA estimates of deposits, expected interest earnings, and year-end balances for FY 1999-2000 and FY 2000-01. A complete list of BSF historical data is available from the HFA upon request.

BUDGET STABILIZATION FUND (Millions of Dollars)				
Fiscal Year	Deposits	Withdrawals	Interest Earned	Balance
1990-91	0.0	230.0	27.1	182.2
1991-92	0.0	170.1	8.1	20.1
1992-93	282.6	0.0	0.8	303.4
1993-94	460.2	0.0	11.9	775.5
1994-95	260.1	90.4	57.7	1,003.0
1995-96	91.3	0.0	59.3	1,153.6
1996-97	0.0	69.0	67.8	1,152.4
1997-98	0.0	212.0	60.1	1,000.5
1998-99	244.4	73.7	51.2	1,222.5
1999-2000 <i>Estimate</i>	114.3	132.0	73.5	1,278.3
2000-01 <i>Estimate</i>	0.0	67.0	83.1	1,294.4



*Figures for FY 1999-2000 and FY 2000-01 are HFA estimates.

Compliance with the State Revenue Limit

Actual and consensus estimates of the state revenue limit provided for in Article IX, Section 26, *Constitution of the State of Michigan*, and estimates of total state revenue collections subject to the state revenue limit are shown in the following table. As provided for in the *Constitution*, the revenue limit is calculated as 9.49% of total state personal income in the previous full calendar year prior to the fiscal year in which the revenues are measured, as estimated by the Bureau of Economic Analysis, United States Department of Commerce.

COMPLIANCE WITH THE STATE REVENUE LIMIT (Millions of Dollars)				
Revenue Limit Calculations	Actual FY 1997-98	Actual FY 1998-99	Estimate FY 1999-2000	Estimate FY 2000-01
Personal Income				
Calendar Year	CY 1996	CY 1997	CY 1998	CY 1999
Amount	\$239,330	\$244,329	\$255,039	\$274,643
X Limit Ratio	9.49%	9.49%	9.49%	9.49%
State Revenue Limit	\$22,712.4	\$23,186.8	\$24,203.2	\$26,063.6
Total Revenues Subject to Revenue Limit	22,072.3	23,208.5	24,117.3	24,914.5
Amount Under (Over) State Revenue Limit	\$640.1	(\$21.7)	\$85.9	\$1,149.1

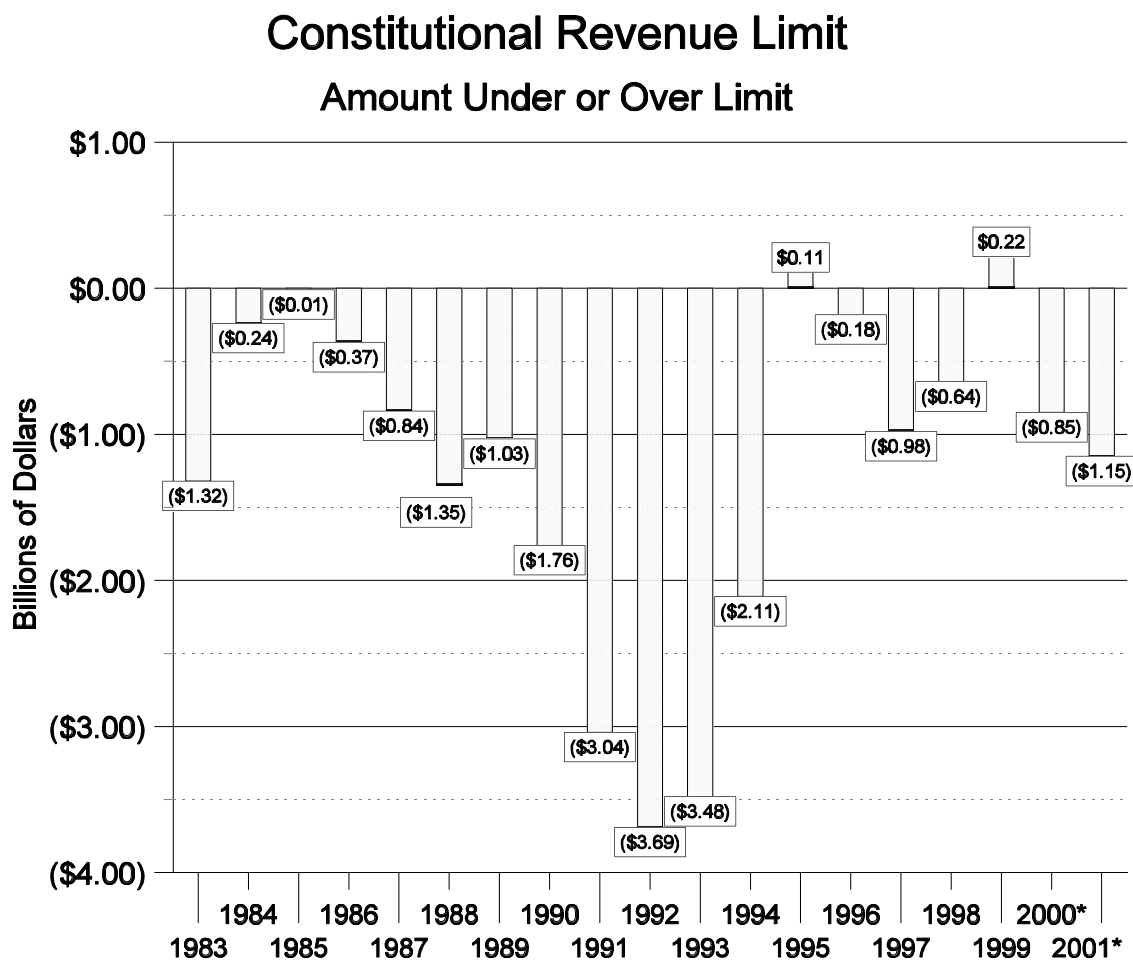
Consensus Revenues

Implications of Exceeding the State Revenue Limit

Article IX, Section 26, *Constitution of the State of Michigan*, provides that:

. . . For any fiscal year in the event that Total State Revenues exceed the limit established in this section by 1% or more, the excess revenues shall be refunded pro rata based on the liability reported on the Michigan income tax and single business tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than 1%, this excess may be transferred to the State Budget Stabilization Fund. . . .

Furthermore, the state is prohibited from spending any current-year revenue in excess of the limit established in Section 26 by Article IX, Section 28.



*

Consensus estimates

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